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PROSPECTUS



EPB GROUP BERHAD

(Registration No.: 202201007128 (1452825-U))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH THE LISTING OF EPB GROUP BERHAD (“EPB” OR “COMPANY”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

- (A) PUBLIC ISSUE OF 71,570,000 NEW ORDINARY SHARES IN EPB (“SHARES”) IN THE FOLLOWING MANNER: -
- (I) 19,570,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - (II) 21,196,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR DIRECTORS, KEY SENIOR MANAGEMENT, ELIGIBLE EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF EPB AND ITS SUBSIDIARIES (“GROUP”); AND
 - (III) 30,804,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY (“MITI”);

AND

- (B) OFFER FOR SALE OF 40,000,000 SHARES IN THE FOLLOWING MANNER: -
- (I) 15,696,000 SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MITI; AND
 - (II) 24,304,000 SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

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

Principal Adviser, Sponsor, Underwriter and Placement Agent

Corporate Finance Adviser



Malacca Securities Sdn. Bhd.

(Registration No.: 197301002760 (16121-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)



WYNCORP Advisory Sdn. Bhd.

(Registration No.: 200301029902 (632322-H))

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX (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 170.

[BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) HAS APPROVED THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES.] THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL OF THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

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

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

This Prospectus is dated [•]

IMPORTANT NOTICE

(All defined terms used in this Prospectus are defined under “Definitions” commencing on page v and “Glossary of Technical Terms” commencing on page xi of this Prospectus.

RESPONSIBILITY STATEMENTS

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

Malacca Securities, 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

[Approval has been obtained from Bursa Securities for the listing and quotation of our entire enlarged issued share capital on the ACE Market of Bursa Securities.] 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, has 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 (as defined herein) for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group.

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 (as defined herein). This classification remains valid from the date of issue of the 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.]

Investors should note that any agreement by the Underwriter named in this Prospectus to underwrite our Shares is not to be taken as an indication of the merits of our Shares being offered.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

This Prospectus is published solely for our IPO. Our Shares being offered in the IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoters, Selling Shareholder, 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 authorised by our Company, Directors, Promoters, Selling Shareholder, Principal Adviser, Sponsor, Underwriter and Placement Agent, or any of their respective directors or any other persons involved in our IPO.

IMPORTANT NOTICE (cont'd)

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. Our Company, Directors, Promoters, Selling Shareholder, Principal Adviser, Sponsor, Underwriter and Placement Agent named in this Prospectus have not authorised and take no responsibility for the distribution of this Prospectus outside of Malaysia. No action has been taken to permit a public offering of our Shares in any jurisdiction other than Malaysia based on this Prospectus. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase any Shares offered under our IPO in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under our IPO in certain jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in this Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to.

We will further assume that you had accepted our IPO in Malaysia and will be subjected 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 adviser on the laws to which our IPO or you are or might be subjected to. Neither we nor our Directors, Promoters, Selling Shareholder, Principal Adviser, Sponsor, Underwriter, Placement Agent nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities website at www.bursamalaysia.com. The contents of the Electronic Prospectus (as defined herein) and this Prospectus registered by Bursa Securities are the same.

You are advised that the internet is not a fully secure medium and that your Internet Share Application (as defined herein) is subject to the risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions. If you are in doubt as to the validity or the integrity of an Electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with Bursa Securities, shall prevail.

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

IMPORTANT NOTICE (cont'd)

- (a) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third-Party Internet Sites and are not responsible for the availability of, or the content or any data, information, files or other materials provided on the Third-Party Internet Sites. You shall bear all risks associated with the access to or use of the Third-Party Internet Sites;
- (b) we and our Principal Adviser are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in 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 materials provided by such parties; and
- (c) any data, information, files or other materials 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 materials.

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

- (a) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, i.e. 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 are not responsible in any way for the integrity of the contents of the Electronic Prospectus which has been downloaded or obtained from the web server of the Internet Participating Financial Institutions and subsequently communicated or disseminated in any manner to you or other parties; and
- (b) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium.

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

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INDICATIVE TIMETABLE

The indicative timing of events leading to the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities is set out below: -

Events	Dates
Issuance of Prospectus/Opening of applications for the IPO	10.00 a.m., [●]
Closing date of the IPO	5.00 p.m., [●]
Tentative date for balloting of applications	[●]
Tentative date for allotment of IPO Shares to successful applicants	[●]
Tentative listing date	[●]

Should the closing date of the application be extended, the dates for the balloting, allotment of the IPO Shares, and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities would be extended accordingly. Any change to the indicative timetable will be announced on Bursa Securities' website and advertised in a widely circulated English and Bahasa Malaysia newspaper in Malaysia.

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DEFINITIONS

Unless otherwise indicated, the following definitions shall apply throughout this Prospectus: -

ACE Market	:	ACE Market of Bursa Securities
Acquisition of Engineering	of BW	: Acquisition by EPB of the entire equity interest of BW Engineering from Yeoh Chee Min and Liew Meng Hooi for a purchase consideration of RM3,455,000 to be satisfied by the issuance of 34,550,000 EPB Shares at an issue price of RM0.10 each
Acquisition of BW Perkasa Labuan	:	Acquisition by EPB of the entire equity interest of BW Perkasa Labuan from Yeoh Chee Min and Liew Meng Hooi for a purchase consideration of RM6,592,000 to be satisfied by the issuance of 65,920,000 EPB Shares at an issue price of RM0.10 each
Acquisition of EP Machinery KL	:	Acquisition by EPB of the entire equity interest of EP Machinery KL from Yeoh Chee Min and Teoh Joo Han for a purchase consideration of RM2,129,000 to be satisfied by the issuance of 21,290,000 EPB Shares at an issue price of RM0.10 each
Acquisition of EP Machinery	:	Acquisition by EPB of the entire equity interest of EP Machinery from Yeoh Chee Min and Ooi Kim Kew for a purchase consideration of RM15,468,000 to be satisfied by the issuance of 154,680,000 EPB Shares at an issue price of RM0.10 each
Acquisition of Manufacturing	of EP	: Acquisition by EPB of the entire equity interest of EP Manufacturing from Yeoh Chee Min and Ooi Kim Kew for a purchase consideration of RM2,399,000 to be satisfied by the issuance of 23,990,000 EPB Shares at an issue price of RM0.10 each
Act or CA	:	Companies Act, 2016 as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
Admission	:	Admission of our Shares to the Official List of the ACE Market of Bursa Securities
Application	:	The application for the Public Issue Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
Application Form	:	The printed application form for the application of the Public Issue Shares accompanying this Prospectus
ATM	:	Automated Teller Machine
Authorised Institution	Financial	: The authorised financial institution participating in the Internet Share Application with respect to payments for the Public Issue Shares
BLR	:	Base lending rate
Board	:	Board of Directors of EPB

DEFINITIONS (cont'd)

Bursa 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
CF	:	Certificate of Fitness for Occupation
CMSA	:	Capital Markets and Services Act, 2007 as amended from time to time
CNC	:	Computer Numerical Control, a manufacturing method that automates the control, movement and precision of machine tools through the use of preprogrammed computer software, which is embedded within the tools.
Constitution	:	The constitution of our Company
COS	:	Cost of sales
COVID-19	:	Coronavirus disease
Deposited Security	:	A security in the Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Securities Industry (Central Depositories) Act, 1991 and the Rules
Depositor	:	A holder of a Securities Account
Director(s)	:	A natural person who holds a directorship in an executive or non-executive capacity in any company in our Group
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
E-Commerce	:	Electronic commerce
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium, including but not limited to CD-ROMs
Electronic Share Application	:	Application for the Public Issue Shares through a participating financial institution's ATM
EPB or Company	:	EPB Group Berhad (Registration No.: 202201007128 (1452825-U))
EPB Group or Group	:	EPB and its subsidiaries, namely BW Engineering, BW Perkasa Labuan, BW Perkasa UAE, EP Machinery KL, EP Machinery and EP Manufacturing
EPB Share(s) or Share(s)	:	Ordinary shares in EPB
EPS	:	Earnings per share
EPF	:	Employees' Provident Fund

DEFINITIONS (*cont'd*)

Financial Review	Years Under	:	FYE 2020, FYE 2021 and FYE 2022
FYE(s)		:	Financial year(s) ended 31 December
Government		:	Government of Malaysia
GP		:	Gross profit
IFR		:	Islamic financing rate
IMR Report		:	Independent Market Research Report prepared by Protégé, as set out in Section 8 of this Prospectus
Independent Researcher or Protégé	Market	:	Protégé Associates Sdn. Bhd. (Registration No.: 200401037256 (675767-H))
Internet Participating Financial Institution		:	Participating financial institution in the Internet Share Application
Internet Share Application		:	The application for the Public Issue Shares through an Internet Participating Financial Institution
IPO		:	Initial public offering comprising Public Issue and Offer for Sale
IPO Price		:	The issue/offer price of RM[●] per IPO Share pursuant to the IPO
IPO Share(s)		:	Collectively, the Public Issue Shares and Offer Shares
IPQC		:	In-Process Quality Control
Issuing House or MIH		:	Malaysian Issuing House Sdn. Bhd. (Registration No.: 199301003608 (258345-X))
Key Senior Management		:	The senior management team of our Group
Listing		:	Admission to the Official List and the listing of and quotation for our entire enlarged issued share capital comprising 372,000,002 Shares on the ACE Market of Bursa Securities
Listing Requirements AMLR	or	:	ACE Market Listing Requirements of Bursa Securities, as amended or expanded from time to time
LPD		:	15 August 2023, being the latest practicable date prior to the registration of this Prospectus or as otherwise stated
Malacca Securities		:	Malacca Securities Sdn. Bhd. (Registration No.: 197301002760 (16121-H))
Malaysian Public		:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day(s)		:	A day on which the stock market of Bursa Securities is open for trading of securities, which may include a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
MATRADE		:	Malaysia External Trade Development Corporation

DEFINITIONS (cont'd)

MCCG	:	Malaysian Code on Corporate Governance issued on 28 April 2021
MFRS	:	Malaysian Financial Reporting Standards
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of Investment, Trade and Industry
MNC(s)	:	Multinational company(ies)
MOF	:	Ministry of Finance Malaysia
MCO	:	Movement Control Order
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
NRP	:	National Recovery Plan
Offer for Sale	:	The invitation by the Selling Shareholder to selected investors to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Shares	:	40,000,000 existing Shares to be offered pursuant to the Offer for Sale
Official List	:	The official list of the ACE Market of Bursa Securities
Participating Institution	Financial :	The participating financial institution 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 Allocations	:	Allocation of 21,196,000 Public Issue Shares representing approximately 5.70% of our enlarged number of issued Shares at the IPO Price to be issued to the eligible Directors, Key Senior Management, employees and business associates (including any other persons who have contributed to our success)
Plant 1	:	Main factory located at PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang, Malaysia
Pre-Listing Exercise	:	Collectively, the Acquisition of BW Engineering, Acquisition of BW Perkasa Labuan, Acquisition of EP Machinery KL, Acquisition of EP Machinery and Acquisition of EP Manufacturing
Prescribed Security	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules

DEFINITIONS (cont'd)

Principal Adviser, Sponsor, Underwriter and Placement Agent	:	Malacca Securities									
Promoters	:	Collectively, Yeoh Chee Min, Liew Meng Hooi and Ooi Kim Kew									
Prospectus	:	This Prospectus dated [*] issued by our Company in respect of our IPO									
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC									
Public Issue	:	Public Issue of 71,570,000 new Shares, representing 19.24% of our enlarged number of issued Shares, at the IPO Price, subject to the terms and conditions of this Prospectus									
Public Issue Shares	:	71,570,000 new Shares to be issued by our Company pursuant to the Public Issue									
QA	:	Quality assurance									
QC	:	Quality control									
R&D	:	Research and development									
Record of Depositors	:	A record provided by Bursa Depository to our Company under Chapter 24.0 of the Rules									
Reporting Accountants or Folks DFK	:	Folks DFK & Co. (AF 0502)									
ROC	:	Registrar of Companies									
Rules	:	The Rules of Bursa Depository									
SC	:	Securities Commission Malaysia									
Securities Account	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor									
Selling Shareholder Offeror	or	Yeoh Chee Min pursuant to the Offer for Sale. His Offer Shares are as follows: -									
		<table border="1"> <thead> <tr> <th>Selling Shareholder</th> <th>No. of Offer Shares</th> <th>% of enlarged issued share capital</th> </tr> </thead> <tbody> <tr> <td>Yeoh Chee Min</td> <td>40,000,000</td> <td>10.75</td> </tr> <tr> <td>Total</td> <td>40,000,000</td> <td>10.75</td> </tr> </tbody> </table>	Selling Shareholder	No. of Offer Shares	% of enlarged issued share capital	Yeoh Chee Min	40,000,000	10.75	Total	40,000,000	10.75
Selling Shareholder	No. of Offer Shares	% of enlarged issued share capital									
Yeoh Chee Min	40,000,000	10.75									
Total	40,000,000	10.75									
Shandong Vicel	:	Shandong Vicel New Material Technology Co. Ltd. (formerly known as Vicel Packaging Ltd.)									
Share Registrar Boardroom	or	Boardroom Share Registrars Sdn. Bhd. (Registration No.: 199601006647 (378993-D))									
SICDA or Depository Act	:	Securities Industry (Central Depositories) Act, 1991									
SME	:	Small and medium-sized enterprise									
SOCSSO	:	Social Security Organisation									

DEFINITIONS (cont'd)

SOP	: Standard operating procedures
Specified Shareholders	: Collectively, Yeoh Chee Min, Liew Meng Hooi, Ooi Kim Kew, Goh Toh Sin and Yeoh Choi Goeh @ Yeoh Choi Hwang
Sq Ft or sq ft	: Square feet
SSA	: Share sale agreement
Tawarruq	: An Islamic financing arrangement involves a sale of asset to the purchaser on a deferred basis and subsequent sale of the asset to a third party to obtain cash while adhering to shariah principles
Underwriting Agreement	: The underwriting agreement dated [•] entered into between our Company and the Underwriter pursuant to the IPO
USA	: The United States of America
% or per cent	: Per centum or percentage

CURRENCIES

EUR	: Euro
IDR	: Indonesian Rupiah
PHP	: Philippine Peso
RM	: Ringgit Malaysia and sen, respectively
RMB	: Renminbi
SGD	: Singapore Dollar
NTD	: New Taiwan Dollar
USD	: United States Dollar

OUR SUBSIDIARIES

BW Engineering	: Bestworld Engineering Sdn. Bhd. (Registration No.: 201401048926 (1125115-U)), our wholly-owned subsidiary in Malaysia
BW Perkasa UAE	: Bestworld Perkasa Ltd (Registration No.: ICC20210710), our indirect wholly-owned subsidiary in United Arab Emirates
BW Perkasa Labuan	: Bestworld Perkasa Ltd. (Registration No.: LL11690), our wholly-owned subsidiary in Malaysia
EP Machinery	: Easy Pack Machinery Sdn. Bhd. (Registration No.: 199601021142 (393494-A)), our wholly-owned subsidiary in Malaysia
EP Machinery KL	: Easy Pack Machinery (KL) Sdn. Bhd. (Registration No.: 200001002115 (504720-K)), our wholly-owned subsidiary in Malaysia
EP Manufacturing	: Easy Pack Manufacturing (M) Sdn. Bhd. (Registration No.: 199901004577 (479477-K)), our wholly-owned subsidiary in Malaysia

GLOSSARY OF TECHNICAL TERMS

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

Biaxially-oriented polypropylene film	: A type of thermoplastic polymer film that has been stretched both mechanically and also in manually using cross direction technique and it is used for packaging, labelling and laminating applications
Curing	: A type of process during which a physical action or chemical reaction takes place resulting in a tougher, harder or more stable substance or linkage
Die-cut bag	: A type of plastic bag with reinforced die-cut handles (shaped using the die cutting process) that allows for the carrying of heavier items
Dry lamination	: A type of bonding process in which a bonding agent (adhesive) diluted with a solvent is coated onto a base film, dried in a drying zone, and then laminated to the other base material under strong pressure and using a heated roller
Ex-factory price	: The selling cost of goods from the factory of the seller and thus, it does not include any other cost element incurred after the goods involved is ready for collection at the seller's factory
Factory acceptance test	: A test and inspection work process performed for newly manufactured and packaged machinery or equipment to ensure that it functions properly and meet expectations
Gravure printing	: A photomechanical intaglio process that uses an indented area (image) of the printing plate for printing directly to a substrate such as paper, plastic and film
Hermetic sealing and packaging	: The process of creating an airtight sealing and packaging to prevent the entry of contaminants such as solids, liquids or gases
Pasteurisation	: A process in which packaged and non-packaged foods are heated at a controlled temperature for a fixed period of time in order to kill harmful disease-causing pathogens such as bacteria and thus, making the foods safe for consumption
PE	: Polyethylene, a light, versatile synthetic resin produced from the polymerisation of ethylene that can be made into thin sheets or bags for packaging and insulation purposes.
Polyethylene terephthalate	: A thermoplastic polymer produced through the polymerisation of ethylene glycol and terephthalic acid and it is commonly used in the form of fibres and films for textile and packaging applications
PP	: Polypropylene, a thermoplastic polymer of propylene that is widely used in a range of applications such as electrical insulation and packaging

GLOSSARY OF TECHNICAL TERMS (cont'd)

QMS	: Quality management system, a system that documents policies, processes, procedures and responsibilities for achieving quality policies and objectives to meet customer and regulatory requirements and continuously improve its effectiveness and efficiency
Refrigeration system	: A mechanical cooling system that uses various components such as a compressor, a condenser, an expansion device and an evaporator to remove heat from an enclosed space, or from a substance, and rejecting it elsewhere to lower the temperature of the space or substance involved and then maintain that lower temperature
Reverse osmosis	: A type of water purification process involving the use of a semipermeable membrane to separate unwanted molecules, ions and larger particles such as contaminants from drinking water
Slitting	: Making a straight, long, narrow cut in something
Software-defined wide area network	: A type of networking technology involving the use of software-defined approach to managing a telecommunications network that extends over a large geographical area
Spout (for stand-up pouch)	: A tube projecting from a stand-up pouch, through which liquid can be poured and it is recloseable with a threaded cap
Track (for stand-up pouch)	: A plastic track consisting of two plastic components which can be interlocked for reclosability in a stand-up pouch

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PRESENTATION OF INFORMATION

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Any reference to any provision of the statutes, rules and legislations in this Prospectus shall be a reference to the statutes, rules or legislations of Malaysia and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

All references to a time of day and date in this Prospectus shall be a reference to time and date in Malaysia, unless otherwise stated.

All references to “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “EPB” and “our Company” in this Prospectus are to EPB Group Berhad, references to “our Group” are to our Company and our subsidiary companies taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and Key Senior Management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word “approximately” used in this Prospectus is to indicate that a number is not exact, but that number is usually rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. 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, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Protégé. In compiling data for review, Protégé had relied on industry sources, published materials, its own private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than those of historical facts included in this Prospectus, including, without limitation, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Some of these forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to: -

- (a) the general industry environment, including the demand and supply for our products and services;
- (b) our business strategies, trends and competitive position and the effect of such competition;
- (c) the plans and objectives of our Management for future operations;
- (d) our financial position; and
- (e) our future financial performance and financing plans including earnings, cash flows and liquidity.

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

- (a) the economic, political and investment environment in Malaysia and globally; and
- (b) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 9 (Risk factors) and Section 11.2 (Management's discussion and analysis of financial condition and results of operations) of this Prospectus. Due to these and other uncertainties, we cannot give any assurance that the forward-looking statements included in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Nationality	Address
Noor Azman Bin Nordin (Male)	Independent Non-Executive Chairman	Malaysian	12, Jalan Golf 13/10F Kelab Golf Sultan Abdul Aziz Shah 40100 Shah Alam Selangor, Malaysia
Yeoh Chee Min (Male)	Managing Director	Malaysian	20, Tingkat Perwira 1 Taman Wira Teluk Air Tawar 13050 Butterworth Pulau Pinang, Malaysia
Liew Meng Hooi (Male)	Deputy Managing Director	Malaysian	709, Jalan CSRV 7 Resort Villas 08000 Sungai Petani Kedah, Malaysia
Ooi Kim Kew (Female)	Executive Director	Malaysian	20, Tingkat Perwira 1 Taman Wira Teluk Air Tawar 13050 Butterworth Pulau Pinang, Malaysia
Khor Chai Tian (Male)	Independent Non-Executive Director	Malaysian	8, Lorong Ehsan 2 Taman Ehsan 34000 Taiping Perak, Malaysia
Ooi Hun Pin (Male)	Independent Non-Executive Director	Malaysian	110B-06-13A Summertown Persiaran Bayan Indah 11900 Bayan Lepas Pulau Pinang, Malaysia
Stephen Chua Chee Keong (Male)	Independent Non-Executive Director	Malaysian	3, Lintang Delima 15 Island Glades 11700 Gelugor Pulau Pinang, Malaysia

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Ooi Hun Pin	Chairman	Independent Non-Executive Director
Khor Chai Tian	Member	Independent Non-Executive Director
Stephen Chua Chee Keong	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (cont'd)

REMUNERATION COMMITTEE

Name	Designation	Directorship
Khor Chai Tian	Chairman	Independent Non-Executive Director
Ooi Hun Pin	Member	Independent Non-Executive Director
Stephen Chua Chee Keong	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Stephen Chua Chee Keong	Chairman	Independent Non-Executive Director
Khor Chai Tian	Member	Independent Non-Executive Director
Ooi Hun Pin	Member	Independent Non-Executive Director

COMPANY SECRETARY : Kong Sown Kaey
Malaysian Institute of Chartered Secretaries and
Administrators (“**MAICSA**”) No.: 7047655
SSM Practising Certificate (“**PC**”) No.: 202008001434

Ong Lu See
Licensed Secretary (“**LS**”) No.: 0006228
SSM PC No.: 201908001450

35, 1st Floor, Jalan Kelisa Emas 1
Taman Kelisa Emas
13700 Seberang Jaya
Pulau Pinang, Malaysia

Telephone No. : +604 397 6672
Facsimile No. : +604 397 6675

REGISTERED OFFICE : 35, 1st Floor, Jalan Kelisa Emas 1
Taman Kelisa Emas
13700 Seberang Jaya
Pulau Pinang, Malaysia

Telephone No. : +604 397 6672
Facsimile No. : +604 397 6675

HEAD OFFICE AND FACTORY : PMT 1186, Jalan Perindustrian Bukit Minyak 18
Taman Perindustrian Bukit Minyak
Penang Science Park
14100 Simpang Ampat
Pulau Pinang, Malaysia

Telephone No. : +604 502 6545
Facsimile No. : +604 501 9899
E-mail : info@epb.group
Website : www.epb.group

1. CORPORATE DIRECTORY (cont'd)

**PRINCIPAL ADVISER,
SPONSOR, UNDERWRITER AND
PLACEMENT AGENT** : Malacca Securities Sdn. Bhd.
(Registration No.: 197301002760 (16121-H))
BO1-A-13A, Level 13A, Menara 2
3, Jalan Bangsar
KL Eco City
59200 Kuala Lumpur, Malaysia

Telephone No. : +603 2201 2100

CORPORATE FINANCE ADVISER : WYNCORP Advisory Sdn. Bhd.
(Registration No.: 200301029902 (632322-H))
Suite 50-6-8, Level 6, Wisma UOA Damansara
50, Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

Telephone No. : +603 2096 2286/2289

Facsimile No. : +603 2011 2821

Director : Moh Jiun Haur

Professional qualification : • Chartered Accountant, Malaysian
Institute of Accountants ("MIA")
(Membership No.: 33355)
• Fellow member of the Association of
Chartered Certified Accountants
(Membership No.: 1200346)
• Capital Markets Services
Representative (CMSRL/B3116/2012)

SOLICITORS FOR THE LISTING : Ghazi & Lim
19th Floor, Plaza MWE
No. 8, Lebuhr Farquhar
10200 Pulau Pinang, Malaysia

Telephone No. : +604 263 3688

Facsimile No. : +604 263 3188

ISSUING HOUSE : 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, Malaysia

Telephone No. : +603 7890 4700

Facsimile No. : +603 7890 4670

SHARE REGISTRAR : Boardroom Share Registrars Sdn. Bhd.
(Registration No.: 199601006647 (378993-D))
11th Floor, Menara Symohony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone No. : +603 7890 4700

Facsimile No. : +603 7890 4670

1. CORPORATE DIRECTORY (cont'd)

- AUDITORS AND REPORTING ACCOUNTANTS** : Folks DFK & Co. (AF 0502)
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur, Malaysia
- Telephone No. : +603 2273 2688
Facsimile No. : +603 2274 2688
- Partner-in-charge : Leong Kok Tong
Approved number : 02973/11/2023 J
Professional : • Member of the MIA (Membership
qualification No.: 8284)
• Member of the Malaysian Institute
of Certified Public Accountants
(Membership No.: 2719)
- INDEPENDENT MARKET RESEARCHER** : Protégé Associates Sdn. Bhd.
(Registration No.: 200401037256 (675767-H))
Suite C-09-12 Plaza Mont' Kiara,
2 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur, Malaysia
- Telephone No. : +603 6201 9301
Facsimile No. : +603 6201 7302
- Person-in-charge : Dr. Tan Chin How
Professional : • Doctor of Business Administration,
qualification HELP University, Malaysia
• Master of Business Administration,
Charles Sturt University, Australia
• Bachelor of Science in Computing
University of Portsmouth, United
Kingdom
- INTERNAL CONTROL REVIEWER** : GovernAce Advisory & Solutions Sdn. Bhd.
(Registration No.: 201701029561 (1243730-W))
Level 3A, Sunway Visio Tower
Lingkaran SV, Sunway Velocity
55100 Kuala Lumpur, Malaysia
- Telephone No. : +603 9771 2283
- LISTING SOUGHT** : ACE Market of Bursa Securities
- SHARIAH STATUS** : [Approved] by Shariah Advisory Council of the SC

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Approval from Bursa Securities

Bursa Securities had, vide its letter dated [●], approved the following: -

- (i) the admission of our Company to the Official List of the ACE Market of Bursa Securities;
- (ii) the listing of and quotation for our entire enlarged issued share capital comprising 372,000,002 Shares on the ACE Market of Bursa Securities; and
- (iii) the approval-in-principle for the registration of the Prospectus.

The conditions imposed by Bursa Securities and the status of compliance with these conditions are as follows: -

No.	Details of the Conditions Imposed	Status of Compliance
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]

2.1.2 Approval from SC

Our IPO 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 the resultant equity structure of our Company pursuant to our Listing under the equity requirements for public listed companies. The approval from the SC is subject to the following condition: -

No.	Details of the Conditions Imposed	Status of Compliance
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]

2. APPROVALS AND CONDITIONS (cont'd)

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

Category of shareholders	As at [●] ⁽¹⁾		After our IPO	
	No. of Shares	%	No. of Shares	%
Bumiputera				
- Bumiputera public investors via balloting ⁽²⁾	-	-	9,785,000	2.63
- Bumiputera investors to be approved by MITI ⁽²⁾	-	-	46,500,000	12.50
Total Bumiputera	-	-	56,285,000	15.13
Non-Bumiputera ⁽³⁾	300,430,002	100.00	315,715,002	84.87
Total Malaysian	300,430,002	100.00	372,000,002	100.00
Foreigners	-	-	-	-
Grand Total	300,430,002	100.00	372,000,002	100.00

Notes: -

- (1) Upon completion of the Pre-Listing Exercise
- (2) Based on the assumption that the Shares allocated to Bumiputera public investors via balloting and Bumiputera investors to be approved by MITI shall be fully subscribed.
- (3) Assuming all other shareholders, including those who are entitled to the Pink Form Allocations, are non-Bumiputera.

2.1.3 Approval from MITI

MITI had, vide its letter dated [●], stated that it has taken note and has no objection to our Listing.

2.1.4 Approval from Shariah Advisory Council of the SC

Shariah Advisory Council of the SC had, vide its letter dated [●], classified our Shares as Shariah-compliant securities based on the audited combined financial statements of EPB for the FYE 2022.

2.2 MORATORIUM ON OUR SHARES HELD BY OUR SPECIFIED SHAREHOLDERS

Pursuant to 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 six (6) months from the date of our Admission (“**First 6-Month Moratorium**”);
- (ii) upon expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders’ aggregate shareholdings amounting to at least 45.00% of our total number of issued Shares remain under moratorium for another period of six (6) months (“**Second 6-Month Moratorium**”); and
- (iii) thereafter, upon expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of one-third (1/3rd) per annum (on straight line basis) of their Shares held under moratorium

(collectively, referred to as “**Moratorium Period**”).

2. APPROVALS AND CONDITIONS (cont'd)

Details of our Specified Shareholders and their Shares which will be subject to the Moratorium Period are as follows: -

Specified Shareholders	Shares to be held under moratorium			
	First 6-Month Moratorium		Second 6-Month Moratorium	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Yeoh Chee Min	145,007,501	38.98	97,101,965	26.10
Liew Meng Hooi	49,230,301	13.23	32,956,875	8.86
Ooi Kim Kew	55,760,100	14.99	37,341,161	10.04
Goh Toh Sin	6,472,500 ⁽²⁾	1.74	-	-
Yeoh Choi Goeh @ Yeoh Choi Hwang	893,000 ⁽²⁾	0.24	-	-
Total	257,363,402	69.18	167,400,001	45.00

Specified Shareholders	Shares to be held under moratorium			
	Year 2		Year 3	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Yeoh Chee Min	64,734,644	17.40	32,367,322	8.70
Liew Meng Hooi	21,971,250	5.91	10,985,625	2.95
Ooi Kim Kew	24,894,107	6.69	12,447,054	3.35
Goh Toh Sin	-	-	-	-
Yeoh Choi Goeh @ Yeoh Choi Hwang	-	-	-	-
Total	111,600,001	30.00	55,800,001	15.00

Notes: -

(1) Based on our enlarged issued share capital of 372,000,002 Shares after our IPO.

(2) On the assumption that they fully subscribe to the Shares allocated to them under the Pink Form Allocations. In the event the number of Shares subscribed by them is lesser than allocated, the number of Shares to be held under moratorium shall be reduced accordingly.

Our Specified Shareholders have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the Moratorium Period.

The moratorium restriction, which has been fully accepted by our Specified Shareholders, is specifically endorsed on the share certificates representing the Shares held by our Specified Shareholders which are under moratorium to ensure that our Share Registrar does not register any transfer that contravenes the moratorium restriction.

In compliance with the moratorium restriction, Bursa Depository will, on our Share Registrar's instructions in the prescribed forms, ensure that the trading of these Shares is not permitted during the Moratorium Period.

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

	Public Issue		Offer for Sale		Total IPO Shares	
	No. of shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Malaysian Public	19,570,000 ⁽²⁾	5.26	-	-	19,570,000 ⁽²⁾	5.26
Pink Form Allocations	21,196,000	5.70	-	-	21,196,000	5.70
Private Placement to: -						
• Bumiputera investors approved by MITI	30,804,000	8.28	15,696,000	4.22	46,500,000	12.50
• Selected investors	-	-	24,304,000	6.53	24,304,000	6.53
Total	71,570,000	19.24	40,000,000	10.75	111,570,000	29.99

Enlarged issued share capital upon Listing	RM[●] comprising 372,000,002 Shares
IPO Price	RM[●]
Market capitalisation upon Listing⁽³⁾	RM[●]

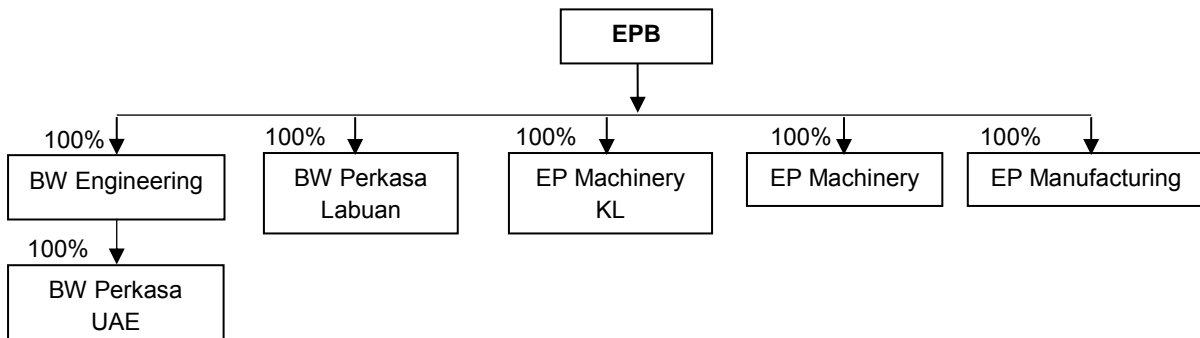
Notes: -

- (1) Based on our enlarged issued share capital of 372,000,002 Shares after our IPO.
- (2) 9,785,000 Shares, representing 50% of the allocation, are made available for application to Bumiputera public investors.
- (3) Calculated based on the IPO Price and our enlarged issued share capital of 372,000,002 Shares upon Listing.

Please refer to Section 4 of this Prospectus for further details of our IPO. The shareholdings in our Company held by our Specified Shareholders after our IPO are subject to moratorium. Further details of the moratorium on our Shares held by our Specified Shareholders are set out in Section 2.2 of this Prospectus.

3.2 BUSINESS OVERVIEW

Our Company was incorporated in Malaysia under the Act on 28 February 2022 as a private limited company under the name of EPB Group Sdn. Bhd., for the purpose of being an investment holding company and the listing vehicle to facilitate the Listing. Subsequently, our Company was converted to a public limited company on 10 March 2023 and adopted our present name, EPB Group Berhad. Our group structure, after our IPO, is as follows: -



3. PROSPECTUS SUMMARY (cont'd)

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

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

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

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

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

3. PROSPECTUS SUMMARY (cont'd)

Our Group's revenue breakdown by geographical location for the Financial Years Under Review are as follows: -

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

Please refer to Sections 6 and 7 of this Prospectus for further information on our Group and business overview respectively.

3.3 COMPETITIVE STRENGTHS

Our Board believes that our historical successes and future prospects are underpinned by the following competitive strengths: -

(i) Established operating track record

We have accumulated more than thirty (30) years of operating track record since the formation of the sole proprietorship business, New Tech Machinery by our Managing Director, Yeoh Chee Min. Over the years, we have grown from a single-purpose packing machine trading business

3. PROSPECTUS SUMMARY (cont'd)

into an established provider of food processing and packaging machinery solutions with involvement in the trading of cellulose casings, and manufacturing and trading of flexible packaging materials, with growing revenue from RM61.69 million for the FYE 2020 to RM89.11 million for the FYE 2022.

- (ii) **A one-stop provider of food processing and packaging machinery solutions with in-house manufacturing capabilities**
 We are able to undertake turnkey projects by providing solutions for the entire food manufacturing and processing production line involving processing and packaging machinery. We add value by designing, supplying and integrating various types of machines under a single production system. Furthermore, as part of our value-added service offering, we use our expertise in the food manufacturing industry to help conceptualise and recommend factory layouts and production flows for greater efficiency based on our customers' needs. Our Group has accumulated experience and technical expertise which are further leveraged to integrate processing and packaging machines that are imported and/or made in-house. Our in-house manufacturing capabilities allow us to meet our customers' customisation needs, if required, and stand ready to provide after-sales support in terms of maintenance and repair services. As such, our customers do not need to source from multiple vendors to set up a full food manufacturing and processing production line as we are able to meet all their requirements under one roof. In addition, we can also supply cellulose casings and flexible packaging materials to them if required.
- (iii) **Close collaboration with our customers in product development**
 Since 1995, we have worked closely with our customers in the development of their new products by providing consultation on the conceptualisation of innovative products including packaging design, choice of materials or ingredients and food manufacturing processes as well as cost-effective measures that automation can have on the businesses of our customers. We believe that such close collaboration in product development represents a win-win situation for both parties. On one hand, our customers stand to enjoy a faster time-to-market for the commercialisation of their new and innovative products whilst on the other hand, the close collaboration can drive customer stickiness (due to our familiarity and close understanding on the requirements of our customers) and keep us ahead of our competitors as the machinery supplier of choice for them. With our expertise in the fabrication and integration of machineries as well as the extensive product portfolio of our suppliers, we are able to offer innovative products with our customised machinery solutions to our customers.
- (iv) **Qualified and experienced management team**
 Our Group is spearheaded by our Managing Director, Yeoh Chee Min and Deputy Managing Director, Liew Meng Hooi. Both are industry veterans, each with over thirty (30) years of working experience in food processing and packaging automation. They have gained extensive and in-depth knowledge as well as good understanding on the dynamics of the industry. Both are also supported by a team of dedicated personnel who each possess the necessary expertise and/or experience across various key business functions.
- (v) **We are committed to stringent quality standard**
 We place great emphasis on the quality of our services to our customers. We strive to undertake proper enforcement and execution of stringent quality procedures throughout our business processes. To this end, our subsidiaries namely EP Machinery and BW Engineering have established a QMS that is in line with internationally acceptable practices. By putting in place an internal QMS that is backed by internationally acceptable practices provides our customers assurance of our commitment towards providing quality services.

Please refer to Section 7.19 of this Prospectus for further details on our competitive strengths.

3.4 BUSINESS STRATEGIES AND FUTURE PLANS

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

- (i) **Expanding business footprint in Penang**
 We intend to expand our business footprint in Penang by building a new corporate office as well as a factory building with a warehouse and a showroom with a total built-up area of approximately 70,000 sq ft. Under our business expansion plan, we intend to establish a new three-storey corporate office with built-up area of approximately 18,000 sq ft for our Group that can house the backroom operations of BW Engineering, EP Machinery and EP Manufacturing under one roof. We will shift the entire backroom operations of BW Engineering and EP Manufacturing to the new corporate office once it is completed.

3. PROSPECTUS SUMMARY (cont'd)

Our Group also intends to expand our existing production area by building a new factory with a warehouse and a showroom. The proposed factory building which consists of a single-storey building is expected to add additional built-up area of approximately 52,000 sq ft to cater for the production of food processing and packaging machineries, warehouse and showroom. This new factory allows our Group to enhance our production capabilities for our food processing and packaging machinery solutions to meet the expected future growth in demand and shorten turnaround time should there be multiple large orders secured at the same time. In tandem with the planned expansion of production capacity, a warehouse will also be constructed within this new factory building to provide us with additional warehousing space to store raw materials or inputs as well as finished goods. Besides that, a new showroom will also be constructed within this new factory building. The showroom will showcase our product offerings and provide better customer experiences for our clients specifically on our food processing and packaging machinery solutions.

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

(ii) Increasing robotic footprint in food processing and packaging machinery solutions

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

Please refer to Section 7.20 of this Prospectus for further details on our business strategies and future plans.

3.5 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Our Group has not experienced any significant interruptions to our business and operations over the past twelve (12) months preceding the LPD. The impact of the COVID-19 pandemic on our business and operations during the Financial Years Under Review are summarised below.

In light of the COVID-19 pandemic, the Government has imposed various degrees of nationwide movement restrictions (i.e., MCO, conditional MCO, recovery MCO, enhanced MCO and various phases under the NRP) to curb the spread of COVID-19 since 18 March 2020. The restrictions depended on the severity of the COVID-19 infections in individual states and federal territory areas.

As a result of MCO 1.0 imposed throughout the nation, most of the economic sectors and activities had been halted, especially those operating in non-essential services, including the manufacturing sector. As a result, all our production operations were temporarily suspended while our backroom office employees worked remotely from home.

Our Group was able to obtain the approvals from MITI to operate our businesses during MCO 1.0. BW Perkasa Labuan had implemented work-from-home arrangements whereby all communications with suppliers and customers were undertaken remotely from home. We adhered to strict standard operating procedures while continuing our operations over the course of the several nationwide movement restrictions imposed by the Government thereafter.

During the movement restrictions by the Government, we experienced some disruptions to our supply chain due to a combination of MITI's deferred approval for businesses that were deemed as non-essential and imposition of travel restrictions. We also experienced few instances of late deliveries of our imported orders due to lockdown measures imposed and congestions at seaports. Nonetheless, we have not experienced any penalties from our customers for late product delivery as we maintained communications with them to provide updates on the progress of deliveries. Besides that, we also continued to receive new purchase orders from customers during the pandemic period.

Please refer to Section 7.13 of this Prospectus for further details on the interruptions to our business and operations.

3. PROSPECTUS SUMMARY (cont'd)

3.6 RISK FACTORS

You should evaluate and consider carefully, along with other matters in this Prospectus, the following risk factors which may in the future have a material adverse effect on our business operations, financial position and performance, in addition to other information contained elsewhere in this Prospectus, before making an application for our IPO Shares.

The key risks relating to our Group's business operations are summarised as follows: -

- (i) Risks relating to our business and operations
- **Our financial performance is dependent on our ability to continually secure new orders from existing and new customers.** Notwithstanding that we have enjoyed favourable growth in revenue during the Financial Years Under Review, there is no assurance that we will be able to sustain the revenue size and/or rate of growth in the future. In the event we are unable to continually secure adequate new orders from existing and new customers, our financial performance and financial position will be adversely affected.
 - **We are dependent on one of our major suppliers.** For the Financial Years Under Review, we were dependent on Shandong Vicel of China for the supply of cellulose casings. Purchases from Shandong Vicel accounted for 12.99%, 16.30% and 17.84% of our total purchase value respectively for the Financial Years Under Review. We are a distributor of its Vicel Speedy Peel Cellulose Casings in Indonesia for another two (2) years commencing from 1 January 2024 based on the renewed and latest distribution agreement. However, there can be no assurance that Shandong Vicel will continue to grant us the distributorship upon the expiry of the current agreement or renew the agreement on similar terms.
 - **We are exposed to risk relating to fluctuations in raw material prices.** The raw materials required in our fabrication activities include stainless steel products and aluminium products among others. Any price hikes in raw materials caused by their shortages, which are beyond our control could result in increased costs and hinder our Group's business profitability particularly given that our Group cannot immediately or fully pass-on these costs to our recurring customers.
 - **We are dependent on our Executive Directors and Key Senior Management for the continued success and growth of our business.** The loss of any Executive Director and/or any of our Key Senior Management simultaneously or within a short time may create unfavourable or material impact on our Group's operations and the future growth of our business; which may ultimately affect the results of operations, performance and prospects of our Group if we are not able to replace or attract suitable talents in a timely manner.
 - **We are subject to credit risks based on the credit periods granted to our customers.** Whilst our finance team monitors collections from our customers regularly and follows up on any overdue amounts, there can be no assurance that the outstanding debts owing by our customers will be fully collected. Any default by our trade receivables to fulfil their debt obligations in the future may adversely affect our financial performance and financial position.
 - **We may not be able to successfully execute our business strategies and future plans which may hinder our Group's business growth and success.** The prospects and future growth of our business are dependent on our ability to implement and execute our business strategies and future plans effectively and promptly. The successful implementation of our business strategies and future plans may be affected by risk factors not fully within our control such as the general market and economic conditions, delay in completion of the construction of our new factory, customer acceptance level towards integration of robotic technology in the food processing and packaging machinery solutions offered by us, and the demand for our products and services may not match our enlarged capacity on an immediate basis.
 - **We are exposed to the fluctuations in the foreign exchange rates.** We are exposed to foreign currency risk because some portion of our sales and purchases are transacted in foreign currencies namely the USD, EUR, NTD, SGD, IDR, RMB and PHP. As such, we are exposed to fluctuations in foreign exchange rates and any adverse movements in the foreign exchange markets may have a negative impact on our financial performance and operating results.

3. PROSPECTUS SUMMARY (cont'd)

- **We are exposed to unfavourable regulatory and policy changes relating to the hiring of foreign workers.** As at the LPD, we have 37 foreign workers representing 23.87% of our total workforce. Any unfavourable regulatory and policy changes relating to the hiring of foreign workers between Malaysia and the countries from which the foreign workers are sourced may adversely affect the availability of foreign workers, resulting in our Group not being able to continue employ new foreign workers or renew the working permit of existing foreign workers. In addition, any future increase to the minimum wages and/or any other costs associated with the hiring of foreign workers as implemented by the Government may result in an increase in our overall costs.
 - **We are exposed to risk relating to inadequacy on insurance coverage on our Group's assets and employees.** Whilst we have taken the necessary steps to ensure that our insurance coverage is adequate for our operations and assets, it may not be adequate to fully compensate for the loss that we may suffer in the future.
- (ii) Risks relating to the industry in which our Group operates
- We operate in a competitive environment.
 - We are subject to risks relating to the government, economic, fiscal or monetary policies as well as the occurrence of force majeure events such as global pandemic risks.
- (iii) Risks relating to the investment in our Shares
- No prior market for our Shares and it is uncertain whether a sustainable market will ever develop.
 - Capital market risks and volatility of our Share price and trading volume.
 - Control by our Promoters.
 - The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the market price of our Shares.
 - Delay in or abortion of our Listing.
 - Uncertainty of dividend payments.

Please refer to Section 9 of this Prospectus for further details of the risk factors.

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as follows: -

Name	Designation
Directors	
Noor Azman Bin Nordin	Independent Non-Executive Chairman
Yeoh Chee Min	Managing Director
Liew Meng Hooi	Deputy Managing Director
Ooi Kim Kew	Executive Director
Khor Chai Tian	Independent Non-Executive Director
Ooi Hun Pin	Independent Non-Executive Director
Stephen Chua Chee Keong	Independent Non-Executive Director
Key Senior Management	
Tan Cheng Cheng	Chief Financial Officer
Teoh Joo Han	Director of EP Machinery KL
Wang Boon Phoey	Director of BW Perkasa UAE
Yeow Song You	Director of BW Engineering
Goh Toh Sin	General Manager cum Marketing Manager of EP Machinery
Yeoh Choi Goeh @ Yeoh Choi Hwang	Export Marketing Manager of EP Machinery
Loh Chow Hong	Factory Manager of EP Machinery
Wong Wei Choo	Accounts and Purchasing Manager of EP Manufacturing

Please refer to Sections 5.1, 5.2 and 5.3 of this Prospectus for further details of our Directors and Key Senior Management.

3. PROSPECTUS SUMMARY (cont'd)

3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of the substantial shareholders in our Company before and after the Listing are as follows: -

Name	Nationality	Before the IPO			
		Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Yeoh Chee Min	Malaysian	185,007,501	61.58	55,760,100	18.56 ⁽²⁾
Liew Meng Hooi	Malaysian	49,230,301	16.39	-	-
Ooi Kim Kew	Malaysian	55,760,100	18.56	185,007,501	61.58 ⁽³⁾

Name	Nationality	After the IPO			
		Direct		Indirect	
		No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁴⁾
Yeoh Chee Min	Malaysian	145,007,501	38.98	55,760,100	14.99 ⁽²⁾
Liew Meng Hooi	Malaysian	49,230,301	13.23	-	-
Ooi Kim Kew	Malaysian	55,760,100	14.99	145,007,501	38.98 ⁽³⁾

Notes: -

- (1) Based on our issued share capital of 300,430,002 Shares after the Pre-Listing Exercise.
- (2) Deemed interested by virtue of the interests of his spouse, Ooi Kim Kew.
- (3) Deemed interested by virtue of the interests of her spouse, Yeoh Chee Min.
- (4) Based on our enlarged issued share capital of 372,000,002 Shares after our IPO.

Please refer to Section 5.1 of this Prospectus for further details of our Promoters and substantial shareholders.

3.9 UTILISATION OF PROCEEDS

We expect to use the gross proceeds from the Public Issue amounting to RM[•] million in the following manner:

Details of utilisation	RM	%	Estimated timeframe for utilisation from the date of our Listing
Factory expansion: -			
(a) Acquisition of land	[•]	[•]	Within 12 months
(b) Construction of factory	[•]	[•]	Within 36 months
(c) Purchase of machinery	[•]	[•]	Within 36 months
Repayment of bank borrowings	[•]	[•]	Within 6 months
Working capital	[•]	[•]	Within 12 months
Estimated listing expenses	[•]	[•]	Within 3 months
Total	[•]	100.00	

The gross proceeds of approximately RM[•] million from the Offer for Sale will accrue entirely to the Selling Shareholder. Therefore, we will not receive any proceeds from the Offer for Sale.

Please refer to Section 4.8 of this Prospectus for further details on the utilisation of proceeds.

3.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

3.10.1 Historical Audited Combined Financial Statements

The following table sets out the financial highlights of our historical audited combined financial statements for the Financial Years Under Review: -

	Audited		
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Revenue	61,689	75,717	89,114
COS	(41,135)	(50,163)	(58,655)
GP	20,554	25,554	30,459
PBT	7,742	13,853	15,579
PAT attributable to owners of parent	6,298	11,926	12,282
EBITDA ⁽¹⁾	9,470	15,500	17,519

3. PROSPECTUS SUMMARY (cont'd)

	Audited		
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
GP margin ⁽²⁾ (%)	33.32	33.75	34.18
PBT margin ⁽³⁾ (%)	12.55	18.30	17.48
PAT margin ⁽⁴⁾ (%)	10.21	15.75	13.78
Basic EPS ⁽⁵⁾ (sen)	2.10	3.97	4.09
Diluted EPS ⁽⁶⁾ (sen)	1.69	3.21	3.30
Total non-current assets	17,570	16,865	17,179
Total current assets	40,087	52,187	66,617
Total non-current liabilities	4,542	3,256	6,476
Total current liabilities	29,576	35,795	34,861
Total equity/NA	23,539	30,001	42,459
NA per Share ⁽⁷⁾ (RM)	0.06	0.08	0.11
Current ratio ⁽⁸⁾ (times)	1.36	1.46	1.91
Gearing ratio ⁽⁹⁾ (times)	0.24	0.16	0.14

Notes: -

(1) EBITDA is computed as follows: -

	Audited		
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
PBT	7,742	13,853	15,579
<i>Add</i>			
Finance costs	438	337	344
Interest income	(27)	(46)	(9)
Depreciation and amortisation	1,317	1,356	1,605
EBITDA	9,470	15,500	17,519

(2) GP margin is computed based on GP divided by revenue.

(3) PBT margin is computed based on PBT divided by revenue.

(4) PAT margin is computed based on PAT divided by revenue.

(5) Basic EPS is computed based on PAT attributable to owners of the parent divided by the issued share capital of 300,430,002 Shares before our IPO and after the completion of the Pre-Listing Exercise.

(6) Diluted EPS is computed based on PAT attributable to owners of the parent divided by the enlarged issued share capital of 372,000,002 Shares after our IPO.

(7) NA per Share is computed based on total equity/NA divided by the enlarged issued share capital of 372,000,002 Shares after our IPO.

(8) Computed based on current assets over current liabilities as at each of the FYE.

(9) Computed based on total borrowings (consist of bank borrowings and lease liabilities) over total equity as at each of the FYE.

Please refer to Section 11.1 of this Prospectus for further details on our historical combined financial statements for the Financial Years Under Review.

3.10.2 Pro forma combined statements of financial position

The following table summarises our pro forma combined statements of financial position as at 31 December 2022 and after Pre-Listing Exercise, the cash proceeds arising from our Public Issue and the utilisation of proceeds. It should be read in conjunction with the accompanying notes and assumptions included in the pro forma combined statements of financial position as set out in Section 13 of this Prospectus.

	Audited as at 31 December 2022	Pro Forma		
		I	II	III
		Pre-Listing Exercise	After Pro Forma I, Public Issue and Offer for Sale	After Pro Forma II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
Share capital	*	30,043	[•]	[•]
Reserves	(253)	9,716	9,716	[•]
	(253)	39,759	[•]	[•]
Non-controlling interests	-	-	-	-
Total equity	(253)	39,759	[•]	[•]

3. PROSPECTUS SUMMARY (cont'd)

	Audited as at 31 December 2022	Pro Forma		
		I	II	III
		Pre-Listing Exercise	After Pro Forma I, Public Issue and Offer for Sale	After Pro Forma II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
No. of Shares issued/ assumed to be issued ('000)	*	300,430	372,000	372,000
NA ⁽¹⁾ (RM'000)	(253)	39,759	[●]	[●]
NA per Share (RM)	(126,679)	0.13	[●]	[●]
Total borrowings	-	5,928	5,928	[●]
Gearing ratio (times)	N/A	0.15	[●]	[●]

Notes: -

* RM2.00 comprising two (2) Shares

(1) NA attributable to owners of the Company

3.10.3 Operational highlights

Our Group recorded total revenue of approximately RM61.69 million, RM75.72 million and RM89.11 million respectively for the Financial Years Under Review. Throughout the Financial Years Under Review, the food processing and packaging machinery solutions segment represents the main revenue contributor to our Group, contributing 82.65%, 80.21% and 81.43% of our total revenue respectively for the Financial Years Under Review. Our top five (5) major customers contributed approximately 39.70%, 35.95% and 36.38% to our Group's total revenue for the Financial Years Under Review respectively. For the FYE 2022, our Group has over 600 customers. As such, our Group is not dependent on our major customers as we have built a large customer base throughout the years.

Please refer to Section 11.2 of this Prospectus for the management's discussion and analysis on our financial condition and results of operations for the Financial Years Under Review.

3.11 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy. The declaration of any interim dividend for a particular financial year is subject to the discretion of our Board, whilst the declaration of any final dividend for a particular financial year is subject to the approval of our shareholders at our annual general meeting upon the recommendation of our Board.

It is our intention to pay dividends to our shareholders to allow them to participate in our profits. We intend to pay dividends out of surplus cash generated from our operations, after setting aside necessary funding for capital expenditure and working capital requirements. As part of this policy and subject always to compliance with the applicable laws and regulatory requirements, our Board targets a distribution of up to 25% of our annual audited consolidated PAT attributable to our shareholders in the form of dividends annually.

Investors should take note that this dividend policy merely describes our Group's present intention and shall not constitute legally binding statements in respect of our future dividends, which are always subject to our Board's discretion.

For information purposes, dividends declared by our Group during the Financial Years Under Review are as follows: -

	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Dividends declared	3,021	5,637	200
PAT attributable to owners of the parent	6,298	11,926	12,282
Dividend pay-out ratio ⁽¹⁾ (%)	47.97	47.27	1.63

Note: -

(1) Computed based on dividend declared divided by the PAT attributable to owners of the parent.

Please refer to Section 11.15 of this Prospectus for further details on our dividend policy.

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 Application will not be accepted.**

4.2 INDICATIVE TIMETABLE

Events	Tentative Date
Issuance of Prospectus/Opening of Application	10.00 a.m., [●]
Closing of Application	5.00 p.m., [●]
Balloting of Application	[●]
Allotment of IPO Shares to successful applicants	[●]
Listing	[●]

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

4.3 DETAILS OF OUR IPO

Our IPO consists of the Public Issue and Offer for Sale, totalling up to 111,570,000 IPO Shares at the IPO Price, payable in full on application and is subject to the terms and conditions of this Prospectus. Upon acceptances, the IPO Shares are expected to be allocated in the manner described below, subject to the underwriting arrangement, minimum subscription level, as well as clawback and reallocation as set out in Section 4.3.3 of this Prospectus.

The allocation of our IPO Shares are as follows: -

	Public Issue		Offer for Sale		Total IPO Shares	
	No. of shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Malaysian Public	19,570,000 ⁽²⁾	5.26	-	-	19,570,000 ⁽²⁾	5.26
Pink Form Allocations	21,196,000	5.70	-	-	21,196,000	5.70
Private Placement to: -						
• Bumiputera investors approved by MITI	30,804,000	8.28	15,696,000	4.22	46,500,000	12.50
• Selected investors	-	-	24,304,000	6.53	24,304,000	6.53
Total	71,570,000	19.24	40,000,000	10.75	111,570,000	29.99

Notes: -

(1) Based on our enlarged issued share capital of 372,000,002 Shares after our IPO.

(2) 9,785,000 Shares, representing 50% of the allocation, are made available for application to Bumiputera public investors.

4. PARTICULARS OF OUR IPO (cont'd)**4.3.1 Public Issue**

Our Public Issue of 71,570,000 new Shares, representing approximately 19.24% of our enlarged issued share capital, at the IPO Price, is subject to the terms and conditions of this Prospectus and shall be allocated and allotted in the following manner: -

(i) Malaysian Public

19,570,000 Public Issue Shares, representing approximately 5.26% of our enlarged issued share capital, will be made available for application by the Malaysian Public by way of balloting; of which 50% of this allocation representing 9,785,000 Public Issue Shares shall be made available to Bumiputera public investors.

(ii) Pink Form Allocations

21,196,000 Public Issue Shares, representing approximately 5.70% of our enlarged issued share capital, will be reserved for application by the eligible Directors, Key Senior Management, employees and business associates (including any other persons who have contributed to our success) as follows: -

Category	Number of eligible persons	Aggregate number of Public Issue Shares allocated
Directors	4	1,800,000
Key Senior Management	7	15,669,000
Employees and business associates (including any other persons who have contributed to our success)	58	3,727,000
Total	69	21,196,000

The criteria for allocation to our eligible Directors are based on, amongst others, their respective roles, responsibilities and anticipated contributions to our Group. The number of Public Issue Shares allocated to our eligible Directors is as follows: -

Eligible Directors	Designation	No. of Public Issue Shares allocated
Noor Azman Bin Nordin	Independent Non-Executive Chairman	450,000
Khor Chai Tian	Independent Non-Executive Director	450,000
Ooi Hun Pin	Independent Non-Executive Director	450,000
Stephen Chua Chee Keong	Independent Non-Executive Director	450,000
Total		1,800,000

The criteria for allocation to our eligible Key Senior Management are based on, amongst others, the following: -

- (a) must be a full-time and confirmed employee;
- (b) at least eighteen (18) years of age;
- (c) is not an undischarged bankrupt nor subject to any bankruptcy proceedings; and
- (d) seniority, roles and responsibilities, length of service, past performance and contributions made to our Group and anticipated contributions to our Group in future and any other factors deemed relevant by our Board.

4. PARTICULARS OF OUR IPO (cont'd)

The number of Public Issue Shares allocated to our eligible Key Senior Management is as follows: -

Eligible Key Senior Management	Designation	No. of Public Issue Shares allocated
Tan Cheng Cheng	Chief Financial Officer	1,071,500
Wang Boon Phoey	Director of BW Perkasa UAE	2,142,500
Yeow Song You	Director of BW Engineering	3,750,000
Goh Toh Sin	General Manager cum Marketing Manager of EP Machinery	6,472,500
Yeoh Choi Goeh @ Yeoh Choi Hwang	Export Marketing Manager of EP Machinery	893,000
Loh Chow Hong	Factory Manager of EP Machinery	893,000
Wong Wei Choo	Accounts and Purchasing Manager of EP Manufacturing	446,500
Total		15,669,000

The criteria for allocation to our eligible employees (as approved by our Board), are based on, amongst others, the following: -

- (a) must be a full-time and confirmed employee;
- (b) at least eighteen (18) years of age;
- (c) is not an undischarged bankrupt nor subject to any bankruptcy proceedings; and
- (d) seniority, job grade, length of service, past performance and contributions made to our Group, anticipated contributions to our Group and any other factors deemed relevant by our Board.

The criteria for allocation to our business associates (including any other persons who have contributed to our success) are based on, amongst others, their level of contribution, length of business relationship and support to the growth of our Group.

(iii) Private placement to Bumiputera investors approved by MITI

30,804,000 Public Issue Shares, representing approximately 8.28% of our enlarged issued share capital, will be made available for application by Bumiputera investors approved by MITI by way of private placement.

4.3.2 Offer for Sale

The Selling Shareholder will offer 40,000,000 Offer Shares, representing approximately 10.75% of our enlarged issued share capital, at the IPO Price, by way of private placement to selected investors in the following manner: -

- (i) 15,696,000 Offer Shares, representing approximately 4.22% of our enlarged issued share capital, shall be made available to Bumiputera investors approved by MITI; and
- (ii) 24,304,000 Offer Shares, representing approximately 6.53% of our enlarged issued share capital, shall be made available to selected investors.

As at the LPD and save as disclosed in Section 4.3.1(ii) of this Prospectus, to the extent known to our Company: -

- (i) there are no substantial shareholders, Directors or Key Senior Management that have the intention to subscribe the IPO Shares; and
- (ii) there is no person that intends to subscribe for more than 5% of the IPO Shares.

4. PARTICULARS OF OUR IPO (cont'd)

The details of our Selling Shareholder are as follows: -

Selling Shareholder	Material relationship with our Group	As at the LPD		Offer for Sale		After IPO	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Yeoh Chee Min	Yeoh Chee Min is our Promoter, substantial shareholder and Managing Director.	185,007,501	61.58	40,000,000	10.75	145,007,501	38.98

Notes: -

(1) *Based on our issued share capital of 300,430,002 Shares after the Pre-Listing Exercise.*

(2) *Based on our enlarged issued share capital of 372,000,002 Shares after our IPO.*

Based on the IPO Price, the entire proceeds of approximately RM[●] million arising from the Offer for Sale will accrue entirely to the Selling Shareholder and not to the Company. All expenses relating to the Offer for Sale will be fully borne by the Selling Shareholder.

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

4.3.3 Underwriting, Minimum Subscription Level, Clawback and Reallocation

19,570,000 Public Issue Shares made available for application by the Malaysian Public and 21,196,000 Public Issue Shares made available for application under the Pink Form Allocations as set out in Section 4.3.1 of this Prospectus, are fully underwritten by our Underwriter.

The following IPO Shares, as set out in Sections 4.3.1 and 4.3.2 of this Prospectus, are not underwritten: -

- (i) 30,804,000 Public Issue Shares made available to Bumiputera investors approved by MITI by way of private placement;
- (ii) 15,696,000 Offer Shares made available to Bumiputera investors approved by MITI by way of private placement; and
- (iii) 24,304,000 Offer Shares made available to selected investors by way of private placement.

Irrevocable undertakings will be obtained from the Bumiputera investors approved by MITI and the selected investors under the private placement, to subscribe for the IPO Shares made available, post approval-in-principle for registration of the Prospectus.

There is no minimum subscription in terms of the amount of proceeds to be raised from our IPO. However, in order to comply with the public spread requirements of the Listing Requirements, the minimum subscription level will be the number of Shares required to be held by public shareholders.

Pursuant to the Listing Requirements, at least 25.00% of our enlarged issued share capital must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our Admission. Prior to our Admission, we will ensure that this requirement is met through the balloting process and the private placement exercise to ensure that a minimum 200 public shareholders holding not less than 100 Shares each is in place and at least 25.00% of our enlarged issued share capital are held by public shareholders.

If the public spread requirement is not met, we may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applications will be returned in full, without interest or any share of revenue or benefits arising therefrom. If such monies are not returned in full within fourteen (14) days after we become liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

There is no over-allotment or "greenshoe" option which will result in an increase in the number of our IPO Shares.

Our IPO shall be subject to the following clawback and reallocation provisions: -

- (i) if the Public Issue Shares allocated to the Malaysian Public are not fully subscribed, such unsubscribed Public Issue Shares will be made available for subscription in the following manner: -
 - (a) firstly, by the eligible persons under the Pink Form Allocations;
 - (b) secondly, by selected investors under the private placement; and
 - (c) lastly, by our Underwriter based on the terms of the Underwriting Agreement as set out in Section 4.10 of this Prospectus.

4. PARTICULARS OF OUR IPO (cont'd)

- (ii) If the Public Issue Shares under the Pink Form Allocations are not fully subscribed, such unsubscribed Public Issue Shares will be re-allocated to the other eligible persons under the Pink Form Allocations who have applied for excess Public Issue Shares (“**Excess Shares**”), if any, in addition to their pre-determined allocation. Such Excess Shares will be allocated to these other eligible persons under the Pink Form Allocations on a fair and equitable basis in the following priority: -
- (a) firstly, allocation on a proportionate basis to the eligible persons under the Pink Form Allocations who have applied for Excess Shares based on the number of Excess Shares applied for; and
 - (b) secondly, to minimise odd lots.

Our Board reserves the right to allocate to the eligible persons under the Pink Form Allocations who have applied for Excess Shares on top of their pre-determined allocation in such manner as it deems fit and expedient in the best interest of our Company. Our Board also reserves the right to accept any Excess Shares application, in full or in part, without assigning any reason.

In the event of under-subscription by the eligible persons under the Pink Form Allocations (after the abovementioned reallocation for Excess Shares), such remaining unsubscribed Public Issue Shares under the Pink Form Allocations will first be made available for subscription by the Malaysian Public, and thereafter be made available to the selected investors under the private placement followed by our Underwriter based on the terms of the Underwriting Agreement as set out in Section 4.10 of this Prospectus.

- (iii) If the Public Issue Shares or Offer Shares allocated to Bumiputera investors approved by MITI under the private placement are not fully subscribed, such unsubscribed Public Issue Shares or Offer Shares shall be subject to the following re-allocation provisions: -
- (a) firstly, to be made available to Malaysian institutional investors by way of private placement;
 - (b) secondly, to be made available for application by the Bumiputera public investors as part of the balloting process; and
 - (c) lastly, to be made available for application by the Malaysian Public and/or selected investors by way of private placement.
- (iv) If the Offer Shares allocated to selected investors under the private placement are not fully subscribed, such unsubscribed Offer Shares will first be made available for subscription by the Bumiputera investors approved by MITI under the private placement, and thereafter be made available to the Malaysian Public followed by the eligible persons under the Pink Form Allocations. The Selling Shareholder will retain the Offer Shares which are not subscribed after the aforementioned reallocation.

The clawback and reallocation provisions will not apply in the event there is an over-subscription in all of the allocations of our IPO Shares at the closing date of Application.

The allocation of our IPO Shares shall be in a fair and equitable manner and shall take into consideration our Board’s intention to distribute our IPO Shares to a minimum number of 200 applicants with a view of broadening our Company’s shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares.

4. PARTICULARS OF OUR IPO (cont'd)

4.4 SHARE CAPITAL

	No. of Shares	RM
Existing issued Shares as at the date of this Prospectus ⁽¹⁾	300,430,002	30,043,002
New Shares to be issued under the Public Issue	71,570,000	[•] ⁽²⁾
Enlarged issued share capital upon Listing	372,000,002	[•]
IPO Price per Share		RM[•]
Market capitalisation upon Listing⁽³⁾		RM[•]

Notes: -

(1) Upon completion of the Pre-Listing Exercise.

(2) Prior to the utilisation of proceeds.

(3) Calculated based on the IPO Price per Share and our enlarged issued share capital of 372,000,002 Shares upon Listing.

The Offer for Sale would not have any effect on our issued share capital as the Offer Shares are already in existence prior to our IPO.

As at the date of this Prospectus, we have only one (1) class of shares, being ordinary shares, all of which rank *pari passu* with one another.

The Public Issue Shares will, upon allotment and issuance, rank *pari passu* in all respects with our existing Shares, including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of our Public Issue Shares.

Subject to any special right attaching to any of our Shares, which may be issued by us in the future, our shareholders shall, in proportion to the amount paid or credited as paid on the Shares held by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution, after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy or by attorney, or being a corporation, by a duly authorised representative. Every shareholder present in person or by proxy or by attorney or by duly authorised representative shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or by duly authorised representative shall have one (1) vote for each Share held. A proxy may, but need not be, a member of our Company.

4. PARTICULARS OF OUR IPO (cont'd)

4.5 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows: -

- (i) to enable our Group to raise funds for the purposes as set out in Section 4.8 of this Prospectus;
- (ii) to enable our Group to gain recognition and enhance corporate profile through our listing status and further enhance our corporate reputation;
- (iii) to enable our Group to gain access to the capital market for our anticipated expansion and growth; and
- (iv) to provide an opportunity for our eligible Directors, Key Senior Management, employees and business associates (including any other persons who have contributed to our success), as well as the Malaysian Public to participate in our equity and growth of our Group.

4.6 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price of RM[●] per Share was determined after taking into consideration the following factors: -

- (i) our Group's diluted EPS of [●] sen, computed based on our audited combined PAT attributable to the owners of our Company of approximately RM12.28 million for the FYE 2022 and our enlarged issued share capital of 372,000,002 Shares upon Listing, which translates to a PE Multiple of approximately [●] times;
- (ii) our Group's pro forma combined NA per Share of RM[●] as at 31 December 2022, computed based on our Group's pro forma combined NA of RM[●] million after taking into consideration the utilisation of proceeds from our Public Issue and our enlarged issued share capital of 372,000,002 Shares upon Listing;
- (iii) Our Group's operating and financial performance as set out in Section 11 of this Prospectus;
- (iv) Our competitive strengths as set out in Section 7.19 of this Prospectus; and
- (v) Our Group's business strategies and future plans as set out in Section 7.20 of this Prospectus.

Prior to our IPO, there has been no public market for our Shares within or outside Malaysia. You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares being traded. You should form your own views on the valuation of our IPO Shares before deciding to invest in our Shares. You are reminded to carefully consider the risk factors as set out in Section 9 of this Prospectus.

4. PARTICULARS OF OUR IPO (cont'd)

4.7 DILUTION

Dilution is computed as the difference between the IPO Price paid by the investors of our IPO Shares and the pro forma combined NA per Share of our Group immediately after our IPO.

The pro forma combined NA per Share of our Group as at 31 December 2022 is RM0.13 per Share, based on our issued share capital of 300,430,002 Shares on completion of the Pre-Listing Exercise and before our Public Issue.

Pursuant to our Public Issue of 71,570,000 new Shares at the IPO Price, the pro forma combined NA per Share of our Group as at 31 December 2022 (after adjusting for the utilisation of proceeds) would have been RM[●], which represents an immediate increase in the proforma combined NA per Share of RM[●] to our existing shareholders. However, there is an immediate dilution in the NA per Share of RM[●], representing approximately [●]% decrease to our new investors.

The table below illustrates such dilution on a per Share basis: -

	Formula	RM
IPO Price	A	[●]
Pro forma combined NA per Share as at 31 December 2022, based on our issued share capital of 300,430,002 Shares on completion of the Pre-Listing Exercise and before our Public Issue	B	0.13
Pro forma combined NA per Share as at 31 December 2022, based on our enlarged issued share capital of 372,000,002 Shares after our IPO	C	[●]
Increase in pro forma combined NA per Share to our existing shareholders	C – B	[●]
Dilution in pro forma combined NA per Share to our new investors	A – C	[●]
Dilution in pro forma combined NA per Share to our new investors as a % of the IPO Price	(A – C) / A	[●]%

Further details of our pro forma combined NA per Share as at 31 December 2022 is set out in Section 13 of this Prospectus.

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4. PARTICULARS OF OUR IPO (cont'd)**4.8 UTILISATION OF PROCEEDS**

The gross proceeds from our Public Issue amounting to RM[●] million is expected to be utilised in the following manner: -

Details of utilisation	RM	%	Estimated timeframe for utilisation from the date of our Listing
Factory expansion: -			
(a) Acquisition of land	[●]	[●]	Within 12 months
(b) Construction of factory	[●]	[●]	Within 36 months ⁽¹⁾
(c) Purchase of machinery	[●]	[●]	Within 36 months ⁽¹⁾
Repayment of bank borrowings	[●]	[●]	Within 6 months
Working capital	[●]	[●]	Within 12 months
Estimated listing expenses	[●]	[●]	Within 3 months
Total	[●]	100.00	

Note: -

(1) *Estimated to be utilised within 24 months from the completion date of the acquisition of land.*

(i) Factory expansion**(a) Acquisition of land**

Our Group's existing main factory, corporate office, warehouse and showroom is currently located at PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang (i.e. Plant 1). Our Group is currently on a lookout for a piece of industrial land measuring approximately 5.5 acres which is in close proximity to our Plant 1. Targeted areas identified for the new factory include but are not limited to Penang Science Park, Batu Kawan, Bukit Minyak and Seberang Prai, amongst others. As part of our Group's business strategies, we intend to allocate RM[●] million representing approximately [●]% of the gross proceeds from our Public Issue for the acquisition of land to construct a new factory, corporate office, warehouse and showroom to accommodate the growth in our business (the details of which is set out under Section 4.8(i)(b) of this Prospectus). Any surplus amount arising shall be clawed back to the working capital and any shortfall shall be funded from internally-generated funds. If required, the Company will make the relevant announcements and will seek the necessary approvals from shareholders for any material variation to the intended utilisation of proceeds.

(b) Construction of factory

As at the LPD, we have approximately 28,335 sq ft within Plant 1 which is allocated and utilised for our fabrication and assembly activities for our food processing and packaging machinery solutions business segment. In line with our expansion plans as further set out in Section 7.20.1 of this Prospectus, we intend to allocate RM[●] million, representing approximately [●]% of the gross proceeds from our Public Issue, to fund the construction of a new single-storey factory on the land to be acquired as set out above in (a) with a built-up area of approximately 52,000 sq ft to cater for the production of food processing and packaging machineries, warehouse and showroom, and a three-storey corporate office attached with built-up area of approximately 18,000 sq ft. Any excess land areas from the proposed built-up areas will be reserved for future expansion plans in relation to our food processing and packaging machinery solutions business segment.

4. PARTICULARS OF OUR IPO (cont'd)

The breakdown of estimated construction costs is as follows: -

Details	Total estimated cost RM
Preliminary costs	[●]
Building works	[●]
External works	[●]
Mechanical and electrical works	[●]
Total	[●]

Any surplus amount arising shall be clawed back to the working capital and any shortfall shall be funded from internally-generated funds. If required, the Company will make the relevant announcements and will seek the necessary approvals from shareholders for any material variation to the intended utilisation of proceeds.

The indicative timeline for the construction of the new single-storey factory attached with a three-storey corporate office is as follows: -

Timeline	Events
T (completion date for the acquisition of land)	Completion of the acquisition of land
T + 6 months	<ul style="list-style-type: none"> • Submission of planning permission to the local authority • Approval on planning permission obtained • Submission of building plans to the local authority • Approval on building plans obtained
T + 7 months	Commencement of construction works
T + 24 months	Completion of construction works

In the event the actual completion of the construction of the new single-storey factory attached with a three-storey corporate office deviates from the above indicative timeline due to factors beyond the Group's control such as the approvals timeline, announcements will be made via Bursa Securities' website and where required, approvals from the relevant authorities and/or shareholders will be sought for an extension of time for the utilisation of proceeds.

Upon completion of the expansion, the existing floor space of approximately 28,335 sq ft within Plant 1 will still be utilised for fabrication and assembly activities in relation to our food processing and packaging machinery solutions business segment.

(c) Purchase of machinery

As at the LPD, we own three (3) units of CNC machines and one (1) unit of laser cutting machine that are used for the fabrication of necessary metal and plastic components under our food processing and packaging machinery solutions business segment. We intend to allocate RM[●] million, representing approximately [●]% of the gross proceeds from our Public Issue, to purchase additional machineries to cater for increasing orders from both existing and new customers. These additional machineries would enhance our in-house production capabilities and shorten the turnaround time should there be multiple large orders secured at the same time. The breakdown of the costs of machinery is as follows:

-

4. PARTICULARS OF OUR IPO (cont'd)

Type of machinery and equipment	Description	No. of units	Total estimated cost ⁽¹⁾ RM
Vertical Machining Centre	A machine that is used for flatwork which requires tool access from the top such as for mould and die cavities.	2	[●]
CNC Turning Centre	A machine with multiple axes that uses computer programming inputs to undertake various actions such as drilling, milling, tapping, and turning to shape the desired materials.	1	[●]
CNC Press Brake/Cutting Machine	A machine that uses computer programming inputs to bend and manipulate metal sheets or perform cutting or shaping of materials.	1	[●]
Total		4	[●]

Note: -

(1) The costs for the abovementioned machinery are estimated based on quotation obtained from external suppliers. The actual costs may deviate from the above estimates, due to the timing difference for the actual purchase.

Any surplus amount arising shall be clawed back to the working capital and any shortfall shall be funded from internally-generated funds. If required, the Company will make the relevant announcements and will seek the necessary approvals from shareholders for any material variation to the intended utilisation of proceeds.

(ii) Repayment of bank borrowings

As at the LPD, the total outstanding bank borrowings (excluding lease liabilities) of our Group amounting to RM4.96 million. Our Board intends to utilise RM[●] million, representing approximately [●]% of the gross proceeds from our Public Issue to partially repay the borrowings.

The details of the bank borrowings to be repaid are as follows: -

Banking facility	Type of banking facilities/Purpose	Interest rate/ Maturity period	Outstanding amount as at LPD RM	Proposed repayment RM
Tawarruq financing (Hong Leong Islamic Bank) ⁽¹⁾	Tawarruq financing/ Working capital requirements	IFR-2.20% (6.64%)/ 60 months	1,547,661	[●]
Term loan 1 (RHB Bank Berhad) ⁽²⁾	Term loan 1/To part finance construction cost of factory and office building	BLR-2% (effectively 6.45%)/ 120 months	899,431	[●]
Term loan 2 (RHB Bank Berhad) ⁽²⁾	Term loan 2/To part finance construction cost of factory and office building	BLR-2% (effectively 6.45%)/ 120 months	715,221	[●]
Term loan (CIMB Bank Berhad) ⁽³⁾	Term loan/Working capital requirements	Fixed rate (5.00%)/ 84 months	406,189	[●]
Total			3,568,502	[●]

Notes: -

(1) Any early repayment of borrowings may be made by giving at least three (3) month's prior written notice to the bank subject to any reimbursement cost arising from the early settlement to be determined solely by the bank in accordance with the principles of Shariah.

4. PARTICULARS OF OUR IPO (cont'd)

- (2) A fee of 3.0% flat of the facility will be charged for any pre-payment, whether partial or in full, or a reduction or redemption whether partial or full within the first three (3) years from the date of first drawdown. Term Loan 1 and Term Loan 2 has been drawdown since 2017 and 2018 respectively, as such, there will be no penalties on any early settlement.
- (3) There is no penalty on any early settlement.

The expected annual interest savings from the repayment of the bank borrowings is approximately RM0.19 million based on the interest rates ranging from 5.00% to 6.64% per annum for the relevant banking facilities. However, the actual interest savings may vary depending on the then applicable interest rates. Our selection to repay the above financing facilities was determined after taking into consideration the interest cost of such financing facilities and the outstanding loan amounts.

In the event that the outstanding borrowings at the time of repayment is less than the allocated amount stipulated in the table above, the surplus will be utilised for the repayment of other outstanding banking facilities. Any remaining surplus amount thereafter shall be clawed back to working capital. If required, the Company will make the relevant announcements and will seek the necessary approvals from shareholders for any material variation to the intended utilisation of proceeds.

(iii) Working capital

Our working capital requirement is expected to increase in conjunction with the planned expansion of our existing business operations, through enhancement of our product offerings (where we are predominantly focused on increasing the level of automation and integration of robotics technology in the machinery solutions that we provide to our customers) and extension of our market reach in both the local and overseas markets (particularly the Indonesia and the Philippines markets). We intend to allocate approximately RM[●] million, representing [●]% of the gross proceeds from our Public Issue, for working capital purposes to be utilised in the following manner: -

Details	Total estimated cost RM
Purchase of raw materials/inputs: -	
(a) machines, components and robotic technology to be further integrated, which are used in the provision of our food processing and packaging machinery solutions	[●]
(b) raw materials to be used for the manufacturing of flexible packaging materials	[●]
Purchase of finished goods: -	
(a) cellulose casings for trading purposes	[●]
Marketing and administrative expenses ⁽¹⁾	[●]
Total	[●]

Note: -

- (1) To defray staff costs for additional sales and marketing personnel to be employed in line with the expansion of our business operations, as well as expenses to be incurred for branding and marketing activities such as advertisement and participation in exhibitions and trade fairs.

(iv) Estimated listing expenses

We intend to allocate approximately RM[●] million, representing [●]% of the gross proceeds from our Public Issue for the payment of the costs of our Listing. If the actual listing expenses are higher than budgeted, the deficit will be funded by internally-generated funds. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes. If required, the Company will make the relevant announcements and will seek the necessary approvals from shareholders for any material variation to the intended utilisation of proceeds.

4. PARTICULARS OF OUR IPO (cont'd)

The breakdown of the estimated listing expenses is as follows: -

Details	Total estimated cost RM
Professional fees	[●]
Fees payable to authorities	[●]
Underwriting, placement and brokerage fees	[●]
Printing, advertising fees and contingencies	[●]
Total	[●]

Pending the utilisation of proceeds raised from our Public Issue, we intend to place the proceeds from our Public Issue (including accrued interest, if any) or any balance thereof in interest-bearing accounts with licensed financial institutions in Malaysia or in money market instruments.

The gross proceeds of approximately RM[●] million to be raised from the Offer for Sale will accrue entirely to the Selling Shareholder. We will not receive any proceeds from the Offer for Sale. All expenses relating to the Offer for Sale will be fully borne by the Selling Shareholder.

4.9 BROKERAGE, PLACEMENT FEES AND UNDERWRITING COMMISSION**4.9.1 Brokerage Fee**

Our Company will pay brokerage fees to be incurred for the issuance of 19,570,000 Public Issue Shares made available for application by the Malaysian Public, at the rate of [●]% on the IPO Price, in respect of all successful applications which bear the stamp of either Malacca Securities, 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.

4.9.2 Placement Fee

Our Placement Agent has agreed to place out the following: -

- (i) 30,804,000 Public Issue Shares made available for application by Bumiputera investors approved by MITI by way of private placement; and
- (ii) 40,000,000 Offer Shares, comprising 15,696,000 Offer Shares made available for application by Bumiputera investors approved by MITI and 24,304,000 Offer Shares made available for application by selected investors, by way of private placement.

We will pay our Placement Agent a placement fee at the rate of up to [●]% on the value of 30,804,000 Public Issue Shares at the IPO Price placed out by our Placement Agent.

The placement fee for the 40,000,000 Offer Shares placed out by our Placement Agent will be fully borne by the Selling Shareholders via the gross proceeds raised from the Offer for Sale.

4.9.3 Underwriting Commission

Our Underwriter has agreed to underwrite 19,570,000 Public Issue Shares made available for application by the Malaysian Public and 21,196,000 Public Issue Shares made available for application under the Pink Form Allocations.

We will pay our Underwriter the underwriting commission at the rate of [●]% on the total value of the underwritten Shares at the IPO Price.

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

4.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We [have entered into] the Underwriting Agreement with Malacca Securities to underwrite 19,570,000 Public Issue Shares made available for application by the Malaysian Public and 21,196,000 Public Issue Shares made available for application under the Pink Form Allocations as set out in Sections 4.3.1(i) and 4.3.1(ii) of this Prospectus (collectively, “**Underwritten Shares**”), subject to the clawback and re-allocation provisions as set out in Section 4.3.3 of this Prospectus and upon the terms and subject to the conditions as set out in the Underwriting Agreement.

The following salient terms of the Underwriting Agreement are reproduced from the Underwriting Agreement. The capitalised terms used herein shall have the respective meanings as ascribed thereto in the Underwriting Agreement: -

Clause 8 - Force Majeure and Termination

- 8.1 *No party shall be liable in any manner for failure to perform or delay in performing all or any part of this Agreement which is directly due to any cause or circumstances beyond the control of such party including without limitation, acts of God, fire, flood, storm, earthquake, typhoon, tidal wave, plague or other epidemics, governmental laws, orders, regulations, sanctions or restrictions, war, armed conflict or serious threat of the same, hostilities, mobilization, blockade, or severe economic dislocation or change in national or international monetary, financial, political or economic condition that will directly and materially affect the financial position of the Company or the listing and quotation of the Public Issue Shares and Offer Shares on the Bursa Securities.*
- 8.2 *Notwithstanding anything contained in sub-clause 8.1, a party shall be entitled to issue a notice to the other party terminating the Underwriting Agreement if, at any time -*
- (i) the other party commits any continuing and material breach of any of its obligations under the Underwriting Agreement which either –*
 - (a) is incapable of remedy; or*
 - (b) if capable of remedy, is not remedied within thirty (30) days of its being given notice so to do;*
 - (ii) a petition is presented or an order is made or a resolution is passed for the winding up of the other party;*
 - (iii) an administrator or receiver or manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the other party and such administrator or receiver or receiver and manager is not discharged, or such distress, attachment or execution is not satisfied by that party within fourteen (14) days thereof;*
 - (iv) the other party becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;*
 - (v) the other party ceases or threatens to cease to carry on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfill any obligation under the Underwriting Agreement);*
 - (vi) there is an occurrence of any event or discovery of any fact or circumstances rendering any of the Representations, Warranties and Undertakings contained in the Underwriting Agreement to be untrue, inaccurate, incorrect or misleading in any respect;*

4. PARTICULARS OF OUR IPO (cont'd)

- (vii) *Bursa Securities suspends or revokes any approval for the IPO or makes any ruling (or revokes any ruling previously made), the effect of which is to prevent the listing of and quotation for the enlarged issued shares capital of the Company on the ACE Market of Bursa Securities;*
- (viii) *any new law or regulation or change in law, regulation, directive, policy or ruling in any jurisdiction which in the opinion of the Underwriter may prejudice the success of the listing of and quotation for the enlarged issued shares capital of the Company on the ACE Market of Bursa Securities or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or transfer the Shares or making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms;*
- (ix) *there shall have been any other material adverse change, or any development involving a prospective material adverse change, in national or international monetary, financial (including stock market, foreign exchange market, interbank market or interest rates or money market or currency exchange rates or foreign exchange controls), political, legal, regulatory, taxation, industrial or economic conditions which in the opinion of the Underwriter may have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

 - (a) *on or after the date of the Underwriting Agreement; and*
 - (b) *prior to the Listing date,**lower than 90% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;**
- (x) *the Company withholds any material information from the Underwriter, which, in the opinion of the Underwriter, is likely to have a material adverse effect;*
- (xi) *the IPO is stopped or delayed by the Company or any authority for any reason whatsoever (unless such delay has been approved by the Underwriter);*
- (xii) *any material statements contained in this Prospectus and Application Forms has become or been discovered to be untrue, inaccurate or misleading in any respect or matters have arisen or have been discovered which would, if this Prospectus and Application Forms were to be issued at that time, constitute a material omission therefrom;*
- (xiii) *the listing of and quotation for the enlarged issued shares capital of the Company on the ACE Market of Bursa Securities does not take place by [●] or such other extended date as may be agreed by the Underwriter;*
- (xiv) *the Closing Date does not occur by [●] or such other extended date as may be agreed in writing by the Underwriter;*
- (xv) *any commencement of legal proceedings, formal investigations, enquiries or action against any member of the Group or any of Directors, which in the opinion of the Underwriter, would have a material adverse effect or make it impracticable to enforce contracts to allot and/or transfer the Shares or to market the IPO;*
- (xvi) *the IPO is cancelled by the Company; or*
- (xvii) *admission to trading of the Shares on Bursa Securities has not been completed by 9:00 am (Kuala Lumpur time) on [●] (or by such other date as may be agreed in writing between the Company and the Underwriter).*

4. PARTICULARS OF OUR IPO (cont'd)

- 8.3 *Notwithstanding anything herein contained, the Underwriter, may at any time before the Closing Date terminate its obligations under the Underwriting Agreement if in its reasonable opinion there shall have been such a change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates as would in its reasonable opinion prejudice materially the success of the IPO and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) and thereupon the Underwriter concerned and the Company shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 10 thereof incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder.*

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

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Shareholdings of Promoters and Substantial Shareholders

The shareholdings of our Promoters and substantial shareholders in our Company before and after the IPO are as follows: -

Promoters and substantial shareholders	Nationality	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares held	% ⁽¹⁾	No. of Shares held	% ⁽¹⁾	No. of Shares held	% ⁽²⁾	No. of Shares held	% ⁽²⁾
Yeoh Chee Min	Malaysian	185,007,501	61.58	55,760,100	18.56 ⁽³⁾	145,007,501	38.98	55,760,100	14.99 ⁽³⁾
Liew Meng Hooi	Malaysian	49,230,301	16.39	-	-	49,230,301	13.23	-	-
Ooi Kim Kew	Malaysian	55,760,100	18.56	185,007,501	61.58 ⁽⁴⁾	55,760,100	14.99	145,007,501	38.98 ⁽⁴⁾
Total		289,997,902	96.53	240,767,601	80.14	249,997,902	67.20	200,767,601	53.97

Notes: -

(1) Based on our issued share capital of 300,430,002 Shares after the Pre-Listing Exercise.

(2) Based on our enlarged issued share capital of 372,000,002 Shares after our IPO.

(3) Deemed interested by virtue of the interests of his spouse, Ooi Kim Kew.

(4) Deemed interested by virtue of the interests of her spouse, Yeoh Chee Min.

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

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

5.1.2 Profiles of Promoters and Substantial Shareholders

The profiles of our Promoters and substantial shareholders are as follows: -

- (i) **Yeoh Chee Min**, a Malaysian, male, aged 58, is our Promoter, substantial shareholder and Managing Director. He was appointed to the Board on 28 February 2022. He is mainly responsible for formulating and implementing the overall business strategy and corporate development of our Group as well as overseeing EP Machinery and EP Machinery KL.

In 1985, Yeoh Chee Min completed Year 12 of the South Australian Certificate of Education (SACE) in Australia. In 1990, while pursuing his Bachelor of Agricultural Science at the University of Adelaide in Australia, he had a family emergency and was unable to complete his degree as he had to return to Malaysia to manage the day-to-day operations of his family's food business, Wah Kwang Hai Kee Sdn. Bhd., which was involved in the supply of dry food products such as coffee powder and curry powder.

Yeoh Chee Min has over 30 years of experience and he has been instrumental in driving the growth of our Group's business whereby he is involved in formulating our Group's corporate strategies, identifying new business opportunities and managing the daily operations of EP Machinery and EP Machinery KL mainly in the areas of business strategy, sales and operations.

Since 1992, he has established and co-founded several Malaysian businesses involved in food processing and packaging machinery solutions, such as New Tech Machinery (in 1992), Easy Pack Machinery Trading (in 1992), EP Machinery (in 1996), Inovasi Kitchen Specialist Sdn. Bhd. (in 1998), EP Manufacturing (in 1999), EP Machinery KL (in 2000), Easy Pack Technology Sdn. Bhd. (in 2005), BW Engineering (in 2014) and BW Perkasa Labuan (in 2015).

Under the leadership of Yeoh Chee Min, our Group has grown from a small business with only one (1) employee to an established provider of food processing and packaging machinery solutions in Malaysia.

In order to fulfil rising market demand in 1998, Yeoh Chee Min and Liew Meng Hooi established the processing machinery solutions business for frozen food products. In the same year, Yeoh Chee Min reformed the company as a one-stop food processing and packaging machinery solutions provider and exported his company's products to countries such as Africa, Europe and Southeast Asia. Later, in 2014 he ventured his business into the downstream of flexible packaging industry through EP Manufacturing, mainly the flexible packaging films business.

Yeoh Chee Min is the spouse of Ooi Kim Kew, our Executive Director.

Please refer to Section 5.2.4(ii) of this Prospectus for the involvement of Yeoh Chee Min in other companies outside our Group.

- (ii) **Liew Meng Hooi**, a Malaysian, male, aged 58, is our Promoter, substantial shareholder and Deputy Managing Director. He was appointed to the Board on 28 February 2022. He is responsible for managing the daily operations of BW Engineering, BW Perkasa Labuan and BW Perkasa UAE mainly in the areas of business strategy, sales and operations.

He finished his Form 5 education in 1983 at Sekolah Menengah Kebangsaan Tunku Abdul Rahman in Alor Setar, Kedah and started working thereafter.

In 1984, he started his career in a window frame manufacturing company as a Quality Supervisor where he was responsible for handling quality control. In 1986, he left the company to join a construction company as a supervisor where he was responsible for

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

the management of construction projects. In 1989, he moved to Taiwan and was there for a period of three (3) years up to 1991 where he held a variety of technical and sales responsibilities in the machinery and equipment industry.

In 1992, he returned to Malaysia and started a partnership business named Fully Refrigeration Works. The partnership business was involved in the business of manufacturing commercial refrigeration equipment. In 1998, he left the partnership business.

In 1998, he co-founded Inovasi Kitchen Specialist Sdn. Bhd. together with Yeoh Chee Min to venture into the businesses of importing and trading processing machinery solutions for frozen food products. This was the first business collaboration between the two. They subsequently established various companies namely BW Engineering, BW Perkasa Labuan and BW Perkasa UAE, which are now part of our Group. He is responsible for driving the frozen food processing machinery solutions business including the trading of food processing machines of our Group.

Liew Meng Hooi is the uncle of Yeow Song You, our Director of BW Engineering.

Please refer to Section 5.2.4(iii) of this Prospectus for the involvement of Liew Meng Hooi in other companies outside our Group.

- (iii) **Ooi Kim Kew**, a Malaysian, female, aged 59, is our Promoter, substantial shareholder and Executive Director. She was appointed to the Board on 20 September 2022. She is responsible for overseeing the entire operations of EP Manufacturing mainly in the areas of procurement and production.

She obtained a Technician Diploma in Architectural Draughtsmanship from the Federal Institute of Technology, Kuala Lumpur in 1986.

After her studies in 1986, she took sewing classes. In 1988, she pursued an entrepreneurship path by establishing a sole proprietorship business named Momizi Boutique in Kedah, a fashion boutique business involved in the trading of apparel. The business expanded with the opening of two (2) other branches in Kedah and Penang. The company was disposed of in 2000. In 2001, she joined the management team of our Group by assuming the position of Administrative Manager and was responsible for bookkeeping, managing the procurement of goods as well as managing and providing training to the sales team. In 2014, she assumed responsibility for supervising the entire daily operations of EP Manufacturing mainly in the areas of procurement and production.

Ooi Kim Kew is the spouse of Yeoh Chee Min, our Managing Director.

Please refer to Section 5.2.4(iv) of this Prospectus for the involvement of Ooi Kim Kew in other companies outside our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**5.1.3 Changes in the Promoters' and/or Substantial Shareholders' Shareholdings Since Incorporation**

Save as disclosed below, there have been no other changes in the shareholdings of our Promoters and substantial shareholders in our Company since our incorporation on 28 February 2022 and up to the LPD: -

Promoters and substantial shareholders	As at 28 February 2022 (Date of Incorporation)				After the Pre-Listing Exercise and as at the LPD			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Yeoh Chee Min	1	50.00	-	-	185,007,501	61.58	55,760,100	18.56 ⁽²⁾
Liew Meng Hooi	1	50.00	-	-	49,230,301	16.39	-	-
Ooi Kim Kew	-	-	1	50.00 ⁽³⁾	55,760,100	18.56	185,007,501	61.58 ⁽³⁾

Notes: -

(1) Based on our issued share capital of 300,430,002 Shares after the Pre-Listing Exercise.

(2) Deemed interested by virtue of the interests of his spouse, Ooi Kim Kew.

(3) Deemed interested by virtue of the interests of her spouse, Yeoh Chee Min.

5.1.4 Persons Exercising Control over the Corporation

Save for our Promoters and substantial shareholders who collectively hold approximately 67.20% of our enlarged number of issued Shares upon our Listing, we are not aware of any other person who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

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

5.2 DIRECTORS

5.2.1 Shareholdings of Directors

The shareholdings of our Directors before and after the IPO are as follows: -

Directors	Designation	Before the IPO/As at the LPD				After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Noor Azman Bin Nordin	Independent Non-Executive Chairman	-	-	-	-	450,000	0.12	-	-
Yeoh Chee Min	Managing Director	185,007,501	61.58	55,760,100	18.56 ⁽³⁾	145,007,501	38.98	55,760,100	14.99 ⁽³⁾
Liew Meng Hooi	Deputy Managing Director	49,230,301	16.39	-	-	49,230,301	13.23	-	-
Ooi Kim Kew	Executive Director	55,760,100	18.56	185,007,501	61.58 ⁽⁴⁾	55,760,100	14.99	145,007,501	38.98 ⁽⁴⁾
Khor Chai Tian	Independent Non-Executive Director	-	-	-	-	450,000	0.12	-	-
Ooi Hun Pin	Independent Non-Executive Director	-	-	-	-	450,000	0.12	-	-
Stephen Chua Chee Keong	Independent Non-Executive Director	-	-	-	-	450,000	0.12	-	-

Notes: -

(1) Based on our issued share capital of 300,430,002 Shares after the Pre-Listing Exercise.

(2) Based on our enlarged issued share capital of 372,000,002 Shares after our IPO.

(3) Deemed interested by virtue of the interests of his spouse, Ooi Kim Kew.

(4) Deemed interested by virtue of the interests of her spouse, Yeoh Chee Min.

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

5.2.2 Profiles of Directors

Save for the profiles of Yeoh Chee Min, Liew Meng Hooi and Ooi Kim Kew, who are also our Promoters and substantial shareholders, that have been disclosed in Section 5.1.2 of this Prospectus, the profiles of our other Directors are as follows: -

- (i) **Noor Azman Bin Nordin**, a Malaysian, male, aged 56, is our Independent Non-Executive Chairman. He was appointed to the Board on 20 September 2022.

In 1985, he pursued his Form 6 education in Maktab Adabi Pahang. Upon obtaining a place at the Politeknik Ungku Omar in Ipoh, Perak to pursue a General Machinery Engineering (Year 1) course in 1986, he left Maktab Adabi Pahang but continued to pursue his Form 6 education on his own. He completed his Sijil Tinggi Persekolahan Malaysia ("**STPM**") in 1986. Upon obtaining his STPM results in 1987, he decided not to further pursue his course at the Politeknik Ungku Omar. In 2012, he obtained his Executive Diploma in Counselling from Universiti Malaya.

In 1988, he started his career with Mayban Finance Berhad, a financial services company, as a Credit Control Officer at a branch in Melaka responsible for conducting assessment on credit applications and recovering money owed by customers. He was subsequently re-designated as a Marketing Officer and worked at the Petaling Jaya branch from 1994 to 2001 and the Subang Jaya branch from 2001 to 2004. As a Marketing Officer, he was responsible for promoting financial products to customers.

Since he left Mayban Finance Berhad in 2004, he had been appointed as a director in various private limited companies. These companies included but are not limited to Ho Hup Quarries (Malacca) Sdn. Bhd. (from 2004 to 2015), an investment holding company, Ho Hup-ICM Quarry Sdn. Bhd. (from 2004 to 2015), a company that is involved in quarry business, QL Maxincome Sdn. Bhd. (since 2015), a company that is involved in operating and franchising of convenient or retail stores, and Taiwan Antrodia Cinnamomea Sdn. Bhd. (since 2018), a company that is involved in direct sales on healthcare and facial products. During his stint as a director at the abovementioned companies, he was involved in business development, managing customers' relationships and communication with the relevant authorities for licensing, applications and other compliance-related matters.

Besides that, he had also ventured into various businesses as an investor namely, Emarnier Signature Boutique (as a partner from 2008 to 2021), a clothing business, Muara Jadi Perabot Sdn. Bhd. (as a shareholder and a director from 2008 to 2020), a company that was involved in the supplying of furniture, fittings, stationeries, appliances, teaching aids and packaging materials, Reka Makmur Sdn. Bhd. (as a shareholder from 2007 to 2022 and as a director from 2008 to 2022), a company that is involved in the provision of information communication and technology services and general trading, Planet D'Bayu Sdn. Bhd. (as a shareholder and a director from 2009 to 2020), a company that was involved in event and exhibition, export and import and construction, ARW Sky Sdn. Bhd. (as a director since 2018 and as a shareholder since 2022), a company that acts as general traders, importer, exporter, retailer, supplier and dealer of various types of products which include textiles, garment and clothing, uniforms and household items among others and operates food outlets, and Reka Makmur Resources Sdn. Bhd. (as a shareholder and a director since 6 January 2023), a wholesaler of general goods, business management consultancy and manufacturer of food products.

Noor Azman Bin Nordin does not have any family relationship with any person in our Group.

Please refer to Section 5.2.4(i) of this Prospectus for the involvement of Noor Azman Bin Nordin in other companies outside our Group.

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

- (ii) **Khor Chai Tian**, a Malaysian, male, aged 61, is our Independent Non-Executive Director. He was appointed to the Board on 20 September 2022 and is the chairman of Remuneration Committee and a member of Audit and Risk Management Committee and Nomination Committee.

He graduated with a Bachelor of Economics (Honours) from Universiti Malaya in 1986. He obtained a Master of Business Administration from Asia International Open University, Macau and a Doctor of Business Administration from University of South Australia, Australia in 1994 and 2011 respectively.

In 1986, he began his career with Golden Frontier Packaging Sdn. Bhd., a manufacturer of corrugated fibreboards and cartons, as Executive Director. Subsequently, he founded Master-Pack Sdn. Bhd., a company involved in the manufacturing of corrugated cartons and distribution of packaging materials, with his family members in 1989. In 1995, he was appointed as Executive Director for Hunza Consolidation Berhad (now known as Master-Pack Group Berhad) to oversee the corporate strategy and the business expansion plans of the company. He resigned from the company in 2005.

In 2007, he was appointed as Independent Non-Executive Director of AsiaEP Berhad (now known as AsiaEP Resources Berhad), a company involved in providing e-commerce solutions and developing an e-marketplace for both local and international enterprises. He resigned from the company in 2017.

As at the LPD, Khor Chai Tian is the co-founder and Director of CTP Leadership Centre Sdn. Bhd., a company that provides business coaching and consultancy services for agro-business, manufacturing and services industries, since 1989 and the Chair of Vistage Malaysia Sdn. Bhd., a company that provides coaching services to Chief Executive Officers since 2013.

Khor Chai Tian does not have any family relationship with any person in our Group.

Please refer to Section 5.2.4(v) of this Prospectus for the involvement of Khor Chai Tian in other companies outside our Group.

- (iii) **Ooi Hun Pin**, a Malaysian, male, aged 60, is our Independent Non-Executive Director. He was appointed to the Board on 20 September 2022 and is the chairman of Audit and Risk Management Committee and a member of Remuneration Committee and Nomination Committee.

In 1987, he passed all the examinations under the Malaysian Association of Certified Public Accountants (now known as the Malaysian Institute of Certified Public Accountants) Programme. He obtained a Master of Business Administration from the University of Strathclyde, United Kingdom in 2002 and a Doctor of Business Administration from the University of South Australia in 2005. He is a member of the Malaysian Institute of Certified Public Accountants since 1987 and the Malaysian Institute of Accountants since 1988.

In 1983, he started his career with Price Waterhouse, a provider of audit, advisory and tax services, as an Audit Assistant responsible for auditing activities. In 1987, he was promoted to Accountant, his last position with the firm. He left Price Waterhouse in 1988 to join Datuk Keramat Holdings Berhad, a tin smelter, as an Accountant responsible for handling the day-to-day financial control, accounting and reporting functions as well as preparing and reviewing financial and management reports. In the same year, he left the company to pursue a career overseas and joined Universal Furniture Limited in Hong Kong, a company that manufactures premium dining furniture, as an Assistant Audit Executive responsible for undertaking internal audit assignments. He was subsequently promoted to Audit Executive in 1990 and was responsible for auditing and evaluating the company's internal control over business operations, financial reporting and compliance.

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

In 1990, he left Universal Furniture Limited to return to Malaysia and joined a brokerage firm, CIMB Securities Sdn. Bhd. as an Assistant Finance Manager responsible for assisting the finance manager in handling administrative, financial and operational related tasks. He left CIMB Securities Sdn. Bhd. in 1992.

From 1992 to 1996, he was attached to a brokerage firm, SJ Securities Sdn. Bhd. as a Finance Manager responsible for overseeing the financial operations of the company. He was promoted to Deputy General Manager in 1994 and General Manager in 1996 and was responsible for the day-to-day business activities and improving overall business functions.

He had a stint with a stockbroking company, Arab Malaysian Securities Sdn. Bhd. from 1996 to 1998, initially for a very short period (in 1996) as a Manager in Business Development and subsequently, as a Remisier after he had obtained the required dealing licence. As a Remisier, he was involved in providing professional advice in stocks and share trading as well as carrying out trade executions for clients. From 1998 to 2001, he served as a Director of Finance at Enrich Resowella (M) Sdn. Bhd., a network marketing company retailing health and skincare products and was responsible for all aspects of management except for marketing.

In 2002, he joined Avenue Securities Sdn. Bhd., a Universal Broker, as a Deputy Chief Executive Officer responsible for managing the stockbroking operations of the company. He left the company in 2004 to start his own business. He was a Director of Merit Achievers Sdn. Bhd., a provider of management consultancy, and ran the business from 2004 until 2006. Merit Achievers Sdn. Bhd. was voluntarily dissolved in 2008.

In 2006, he decided to go back to the corporate world and joined a Universal Broker, K&N Kenanga Berhad as the Head of Equity Broking responsible for overseeing the equity trading business of the company. However, he worked at K&N Kenanga Berhad for a short stint that year before migrating to Singapore.

In Singapore, he joined a stockbroking company, Kim Eng Securities Pte Ltd in April to July 2007. He worked as the Senior Vice President of Business Development and was responsible for designing and implementing business development plans. Thereafter he decided to have a career break from 2007 to 2010.

In 2010, he worked in Singapore as an independent research consultant for an asset management firm, Corton-Smith Asset Management Sdn. Bhd., responsible for conducting research on public listed companies in Singapore, Thailand, the Philippines and Indonesia. He took another short career break in 2013 due to health reason. In 2015, he resumed his role as independent research consultant for Corton-Smith Asset Management Sdn. Bhd., conducting research on public listed companies in Malaysia and Vietnam. He retired in 2017 to manage his own portfolio of investments.

He was the Independent Non-Executive Director of Pentamaster Corporation Berhad, a provider of automation manufacturing and technology solution, from 2002 to 2014 as well as Welli Multi Corporation Berhad (now known as Energreen Corporation Berhad), a company involved in manufacturing and distributing of food stuff as well as processing and trading of palm kernel oil, from 2002 to 2007. He is an Independent Non-Executive Director of RGT Berhad, an integrated solution provider of hygiene care and air care industry, as well as a factory automation provider, since 2019.

Ooi Hun Pin does not have any family relationship with any person in our Group.

Please refer to Section 5.2.4(vi) of this Prospectus for the involvement of Ooi Hun Pin in other companies outside our Group.

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

- (iv) **Stephen Chua Chee Keong**, a Malaysian, male, aged 40, is our Independent Non-Executive Director. He was appointed to the Board on 20 September 2022 and is the chairman of Nomination Committee and a member of Audit and Risk Management Committee and Remuneration Committee.

He graduated with a Bachelor of Law (Honours) from Universiti Kebangsaan Malaysia in 2007. He was called to the Malaysian Bar in 2009.

After his graduation but before commencing legal practice, he joined the Malaysian Attorney General's Chambers and served as a Federal Counsel from 2007 to 2009. As a Federal Counsel, he was responsible for acting on behalf of the Malaysian Government and providing legal advice to government agencies. In 2009, he joined a law firm, Messrs Lim Kean Siew & Co. as a Legal Assistant responsible for providing legal services related to commercial disputes, land disputes and recovery, employment and industrial relation; wills, trust and probate as well as banking litigation. He left the firm in 2014 to join another law firm, Messrs Ho & Company as a Legal Assistant. He had a 9-month working stint at the law firm and was responsible for handling sub-sale conveyancing matters and uncontested litigation matters such as joint petitioned divorce matters, probate and letter of administration.

From 2015 to 2017, Stephen Chua Chee Keong acted as the Managing Partner of his own law firm, Messrs Stephen & Co. His core practice areas were family and matrimonial; will and estate administration; property and loan; civil litigation and debt recovery; and contract.

In 2017, he was approached by Messrs Wong & Loh to join the firm as a Partner and his practice at the firm focuses on civil litigation; banking and finance; family law; corporate and commercial; trust, wills and estate administration; real estate; and employment law.

Stephen Chua Chee Keong does not have any family relationship with any person in our Group.

Please refer to Section 5.2.4(vii) of this Prospectus for the involvement of Stephen Chua Chee Keong in other companies outside our Group.

5.2.3 Representatives of Corporate Shareholders

As at the LPD, there are no representatives of corporate shareholders on our Board.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**5.2.4 Involvement of Our Directors in Other Business/Corporation Outside Our Group**

Save as disclosed below, our Directors do not have any other principal directorship held or principal business activities performed by them in other corporations outside our Group within the past five (5) years up to the LPD: -

(i) Noor Azman Bin Nordin

Company	Principal Activities	Position	Equity interest held as at the LPD ⁽¹⁾		Date of Appointment / (Resignation) as Director	
			Direct (%)	Indirect (%) ⁽²⁾		
Present Involvement						
(a)	Spektrum Kristal (M) Sdn. Bhd.	Servicing and assembling of sewage and water treatment.	Director and shareholder	78.60	-	12 February 1996 / -
(b)	QL Maxincome Sdn. Bhd.	Operating and franchising of convenient or retail stores.	Director	-	-	30 September 2015 / -
(c)	ARW Sky Sdn. Bhd.	To act as general traders, importer, exporter, retailer, supplier and dealer of all types of textiles, garment and clothing, uniforms, household items, groceries, food and beverages products, electrical and appliance, furniture and fitting and all related in kinds to engage in general cleaning and maintenance services of all types of building, factories and residential areas. To operate food outlets.	Director and shareholder	50.00	-	19 March 2018 / -
(d)	Taiwan Antrodia Cinnamomea Sdn. Bhd.	Direct sales on healthcare and facial products.	Director	-	-	22 June 2018 / -
(e)	Reka Makmur Resources Sdn. Bhd.	Wholesaler of general goods, business management consultancy and manufacturer of food products.	Director and shareholder	50.00	50.00	6 January 2023 / -

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

Company	Principal Activities	Position	Equity interest held as at the LPD ⁽¹⁾		Date of Appointment / (Resignation) as Director
			Direct (%)	Indirect (%) ⁽²⁾	
Past Involvement					
(f) HSA Industries Sdn. Bhd.	Wound up on 27 February 2020. Previously involved in trading and manufacturing of ice.	Director and shareholder	49.00	-	28 September 2001 / -
(g) La' Man Teq (M) Sdn. Bhd.	Dissolved on 15 February 2019. Previously involved in construction general trading.	Director and shareholder	99.90	-	27 January 2004 / -
(h) Emarnier Signature Boutique Sdn. Bhd.	Dissolved on 15 February 2019. Previously involved in boutique businesses.	Director and shareholder	10.00	90.00	27 January 2004 / -
(i) Terracorporis Sdn. Bhd.	Dissolved on 26 November 2019. Previously involved in general engineering and trading.	Director	-	-	27 February 2004 / -
(j) Reka Makmur Sdn. Bhd.	Dissolved on 16 September 2022. Previously involved in information communication and technology services, general trading involving the supply of forensic information system for the Malaysian government.	Director and shareholder	80.00	-	4 July 2008 / -
(k) Emarnier Signature Boutique	Ceased on 9 April 2021. Previously involved in clothing business.	Partner	-	-	30 July 2008 / -
(l) Muara Jadi Perabot Sdn. Bhd.	Dissolved on 3 August 2020. Previously involved in supplying of furniture, fittings, stationeries, appliances, teaching aids and packaging materials.	Director and shareholder	23.00	-	26 December 2008 / -

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

Company	Principal Activities	Position	Equity interest held as at the LPD ⁽¹⁾		Date of Appointment / (Resignation) as Director	
			Direct (%)	Indirect (%) ⁽²⁾		
Past Involvement						
(m)	Planet D'Bayu Sdn. Bhd.	Dissolved on 13 November 2020. Previously involved in event and exhibition, export and import and construction.	Director and shareholder	26.00	-	21 April 2009 / -
(n)	Reka Event Sdn. Bhd.	Dissolved on 16 September 2022. Previously involved in organisation, promotion and/or management of event.	Director and shareholder	33.33	66.67	15 March 2018 / -
(o)	Reka Curtain Sdn. Bhd.	Dissolved on 16 September 2022. Previously involved in export and import of textiles, clothing not elsewhere classified ("N.E.C").	Director and shareholder	50.00	50.00	6 June 2018 / -

Notes: -

(1) For companies that had been dissolved/wound up, the equity interest held as stated above represents equity interest held prior to the relevant companies being dissolved/wound up.

(2) Deemed interested by virtue of the equity interest held by his spouse or children pursuant to Section 8 and Section 59 of the Act.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**(ii) Yeoh Chee Min**

Company	Principal Activities	Position	Equity interest held as at the LPD) ⁽¹⁾		Date of Appointment / (Resignation) as Director	
			Direct (%)	Indirect (%) ⁽²⁾		
Present Involvement						
(a)	Easy Brew Sdn. Bhd.	Processors, distributors and dealers of coffee, tea and beverages, letting of properties.	Director and shareholder	51.00	49.00	21 November 1998 / -
(b)	Top Great Venture Sdn. Bhd. (formerly known as Easy Pack Engineering Sdn. Bhd.)	In the midst of being struck off ⁽⁴⁾ . Previously involved in general trading of machineries and equipment.	Director and shareholder	47.52	52.48	20 January 2004 / -
(c)	Aquaponics Science Park Sdn. Bhd.	Manufacturer and distributor of coffee, tea and beverages, to act as dealer and consultant on aquaponics system.	Director and shareholder	60.00	-	23 July 2009 / -
(d)	L&A Technology Solution Sdn. Bhd. (formerly known as Easy Pack Machinery (Borneo) Sdn. Bhd.)	In the midst of realising its assets and settling its liabilities, so that it can be dissolved eventually ⁽⁵⁾ . Previously involved in trading and dealing in all kinds of packing machinery.	Shareholder	80.00	20.00	6 September 1999 / (30 December 2022)
(e)	Perfect Solution System Sdn. Bhd. (formerly known as Easy Pack Machinery (East Coast) Sdn. Bhd.)	In the midst of realising its assets and settling its liabilities, so that it can be dissolved eventually ⁽⁵⁾ . Previously involved in trading and dealing in all kinds of packaging machinery.	Shareholder	60.00	-	20 June 2003 / (30 December 2022)
(f)	EC Trading System Sdn. Bhd. (formerly known as Easy Pack Technology Sdn. Bhd.)	In the midst of realising its assets and settling its liabilities, so that it can be dissolved eventually ⁽⁵⁾ . Previously involved in manufacturing of automated food packaging machines and parts.	Shareholder	61.00	39.00	9 April 2005 / (30 December 2022)

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

Company	Principal Activities	Position	Equity interest held as at the LPD ⁽¹⁾		Date of Appointment / (Resignation) as Director	
			Direct (%)	Indirect (%) ⁽²⁾		
Present Involvement						
(g)	Easypreneur Dev Sdn. Bhd.	In the midst of realising its assets and settling its liabilities, so that it can be dissolved eventually ⁽⁵⁾ . Previously acted as marketing commission agent.	Shareholder	50.00	-	13 May 2019 / (28 February 2023)
(h)	Food Technovation Sdn. Bhd.	In the midst of being struck off ⁽³⁾ . Previously involved in providing consultation on food regulations, labelling equipment, food safety and defence and to develop, design of processes, choice of packaging materials, shelf-life studies and sensory evaluation for food products.	Shareholder	30.00	-	10 December 2021 / (28 February 2023)
Past Involvement						
(i)	M&S OEM Solution Provider Sdn. Bhd.	Dissolved on 29 November 2022. Previously involved in general trading of coffee beans and provision of artwork design.	Director and shareholder	50.00	40.00	21 March 1997 / -
(j)	HM Solutions Partner Sdn. Bhd.	Commission received on selling machine and general trading, designing, developing of artworks and supplying of printing material and related products and transportation agent, agricultural, food and beverage supplies and raw materials and investment holding.	Director	-	-	11 January 2010 / (24 June 2019)
(k)	EC Steel (M) Sdn. Bhd.	Trading and manufacturing of stainless steel products.	Director	-	-	11 December 2010 / (1 November 2021)
(l)	Euroasia Food Equipment Sdn. Bhd.	Trading of food processing and kitchen equipment.	Director	-	-	28 December 2012 / (8 November 2019)
(m)	Schlosspack Sdn. Bhd.	Wound up on 1 March 2023. Previously involved in manufacturing of wrapping and packaging machines and related parts.	Director and shareholder	100.00	-	19 August 2013 / -

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

Company	Principal Activities	Position	Equity interest held as at the LPD ⁽¹⁾		Date of Appointment / (Resignation) as Director	
			Direct (%)	Indirect (%) ⁽²⁾		
Past Involvement						
(n)	RTE Equipment Sdn. Bhd.	Dissolved on 18 September 2020. Previously involved in trading of machinery and spare parts.	Director and shareholder	50.00	-	30 July 2015 / -
(o)	Black Thorn Valley Management Sdn. Bhd.	Carrying on tourism, agritourism, ecotourism, aquaponic, agriculture, aquaculture, health and wellness and hotel services, import, export, trading, food manufacturing, academy, food and beverages services.	Director	-	-	27 February 2018 / (7 August 2018)
(p)	M Fresh Fruits Sdn. Bhd.	Dissolved on 23 February 2022. Previously involved in other business support services activities N.E.C., export and import of fruits and vegetables food products and activities of holding companies.	Director and shareholder	33.33	-	7 August 2018 / -
(q)	Vending Platforms Sdn. Bhd.	Dissolved on 7 July 2023. Previously acted as commission agents and to provide services and platforms to collect payment made via QR Code and credit card wave scanner through vending machines.	Director and shareholder	40.00	-	16 February 2021 / -

Notes: -

- (1) For companies that had been dissolved/wound up, the equity interest held as stated above represents equity interest held prior to the relevant companies being dissolved/wound up.
- (2) Deemed interested by virtue of the equity interest held by his spouse or children pursuant to Section 8 and Section 59 of the Act.
- (3) The company has been struck off in the Gazette on 4 September 2023.
- (4) The company has been struck off in the Gazette on 3 November 2023.
- (5) As at the LPD, these companies are dormant and are in the midst of realising their assets and settling their liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**(iii) Liew Meng Hooi**

Company	Principal Activities	Position	Equity interest held as at the LPD ⁽¹⁾		Date of Appointment / (Resignation) as Director
			Direct (%)	Indirect (%)	
Present Involvement					
(a) Safetyware Group Berhad	Activities of holding companies. Manufacturer and distributor of all kinds of personal protective equipment (PPE), industrial products and instruments such as face mask, gloves, safety apparel, Automated External Defibrillators (AED) etc. Provision of training and consultancy in the fields of health, safety and environmental management.	Shareholder	0.09	-	N/A
Past Involvement					
(b) Easy Brew Sdn. Bhd.	Processors, distributors and dealers of coffee, tea and beverages, letting of properties.	Director	-	-	21 November 1998 / (17 September 2021)
(c) Premier Cereal Sdn. Bhd.	Dissolved on 9 February 2021. Previously involved as manufacturer and dealer in raw, processed or manufactured food, beverages and all kinds of health food.	Director and shareholder	70.00	-	19 February 2008 / -
(d) The Art of Living Centre Sdn. Bhd.	Dissolved on 22 October 2021. Previously involved in facilitating and organising courses, classes, training and seminar program on the art of living.	Director	-	-	1 December 2014 / -

Note: -

(1) For companies that had been dissolved/wound up, the equity interest held as stated above represents equity interest held prior to the relevant companies being dissolved/wound up.

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

(iv) Ooi Kim Kew

Company	Principal Activities	Position	Equity interest held as at the LPD ⁽¹⁾		Date of Appointment / (Resignation) as Director	
			Direct (%)	Indirect (%) ⁽²⁾		
Present Involvement						
(a)	Top Great Venture Sdn. Bhd. (formerly known as Easy Pack Engineering Sdn. Bhd.)	In the midst of being struck off ⁽³⁾ . Previously involved in general trading of machineries and equipment.	Director and shareholder	52.48	47.52	23 October 2006 / -
(b)	Harvest Wok	Food and beverage.	Partner	-	-	7 September 2010 / -
(c)	M Plastic Injection Sdn. Bhd.	Manufacture, custom design and supplies of plastic products and plastics preforms.	Director and shareholder	50.00	-	12 September 2013 / -
(d)	EC Trading System Sdn. Bhd. (formerly known as Easy Pack Technology Sdn. Bhd.)	In the midst of realising its assets and settling its liabilities, so that it can be dissolved eventually ⁽⁴⁾ . Previously involved in manufacturing of automated food packaging machines and parts.	Shareholder	39.00	61.00	7 September 2010/ (30 December 2022)
(e)	L&A Technology Solution Sdn. Bhd. (formerly known as Easy Pack Machinery (Borneo) Sdn. Bhd.)	In the midst of realising its assets and settling its liabilities, so that it can be dissolved eventually ⁽⁴⁾ . Previously involved in trading and dealing in all kinds of packing machinery.	Shareholder	20.00	80.00	29 August 2014 / (30 December 2022)
Past Involvements						
(f)	Aquaponics Science Park Sdn. Bhd.	Manufacturer and distributor of coffee, tea and beverages. To act as dealer and consultant on aquaponics system.	Director	-	60.00	16 October 2014 / (23 April 2019)
(g)	M&S OEM Solution Provider Sdn. Bhd.	Dissolved on 29 November 2022. Previously involved in general trading of coffee beans and provision of artwork design.	Director and shareholder	40.00	50.00	22 September 2015 / -

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

Notes: -

- (1) For companies that had been dissolved/wound up, the equity interest held as stated above represents equity interest held prior to the relevant companies being dissolved/wound up.
- (2) Deemed interested by virtue of the equity interest held by her spouse pursuant to Section 8 and Section 59 of the Act.
- (3) The company has been struck off in the Gazette on 3 November 2023.
- (4) As at the LPD, these companies are dormant and are in the midst of realising their assets and settling their liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.

(v) Khor Chai Tian

Company	Principal Activities	Position	Equity interest held as at the LPD		Date of Appointment / (Resignation) as Director
			Direct (%)	Indirect (%) ⁽¹⁾	
Present Involvement					
(a) CTP Leadership Centre Sdn. Bhd.	Investment holding and providing management services. Principally involves in the retail trading of stocks and shares, and providing business advisory and coaching services for chief executive officer, executives and business owners.	Director and shareholder	50.00	50.00	2 March 1989 / -
(b) Baba Eco Group Berhad	Activities of holding companies, wholesale of household utensils and cutlery, crockery, glassware, chinaware and pottery, retail sale of flowers, plants, seeds, fertilizers.	Shareholder	0.04	-	N/A

Note: -

- (1) Represents the equity interest held by his spouse pursuant to Section 8 and Section 59 of the Act.

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

(vi) Ooi Hun Pin

Company	Principal Activities	Position	Equity interest held as at the LPD		Date of Appointment / (Resignation) as Director
			Direct (%)	Indirect (%)	
Present Involvement					
(a) RGT Berhad	Investment holding company. Its subsidiaries are involved in the manufacturing of sanitizer dispensers and air care products, the business of high-end spray-painting, production of computer numerical control (CNC) precision components, design and build automation machines for semi-conductor industry, and production of plastic products and precision component for the electronics sector.	Director	-	-	1 August 2019 / -
(b) Roaring Progress Sdn. Bhd.	Investment holding, principally involved in investment of properties for rental income.	Director	-	-	6 February 2023 / -

(vii) Stephen Chua Chee Keong

Company	Principal Activities	Position	Equity interest held as at the LPD		Date of Appointment / (Resignation) as Director
			Direct (%)	Indirect (%)	
Past Involvement					
(a) Happy Empire Trading	Ceased on 27 July 2019. Previously involved in trading of food, beverage and marketing and consultancy services.	Partner	-	-	28 July 2016 / -
(b) Pinang Trading	Souvenir shop.	Partner	-	-	18 February 2019 / (19 February 2019)

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

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

5.2.5 Directors' remuneration and benefits

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

FYE 2022

Directors	Fees and other emoluments RM'000	Salaries RM'000	Commission /Bonus RM'000	Benefit-in-kind RM'000	Total RM'000
Noor Azman bin Nordin	-	-	-	-	-
Yeoh Chee Min	-	324	89	22	435
Liew Meng Hooi	-	360	90	-	450
Ooi Kim Kew	-	252	67	-	319
Khor Chai Tian	-	-	-	-	-
Ooi Hun Pin	-	-	-	-	-
Stephen Chua Chee Keong	-	-	-	-	-

Estimated for FYE 2023

Directors	Fees and other emoluments RM'000	Salaries RM'000	Commission /Bonus RM'000	Benefit-in-kind RM'000	Total RM'000
Noor Azman Bin Nordin	48 ⁽¹⁾	-	-	-	48
Yeoh Chee Min	-	360	89	24	473
Liew Meng Hooi	-	360	90	-	450
Ooi Kim Kew	-	276	79	-	355
Khor Chai Tian	33 ⁽¹⁾	-	-	-	33
Ooi Hun Pin	33 ⁽¹⁾	-	-	-	33
Stephen Chua Chee Keong	33 ⁽¹⁾	-	-	-	33

Note: -

(1) Consist of fees and allowances for October 2022 to December 2023.

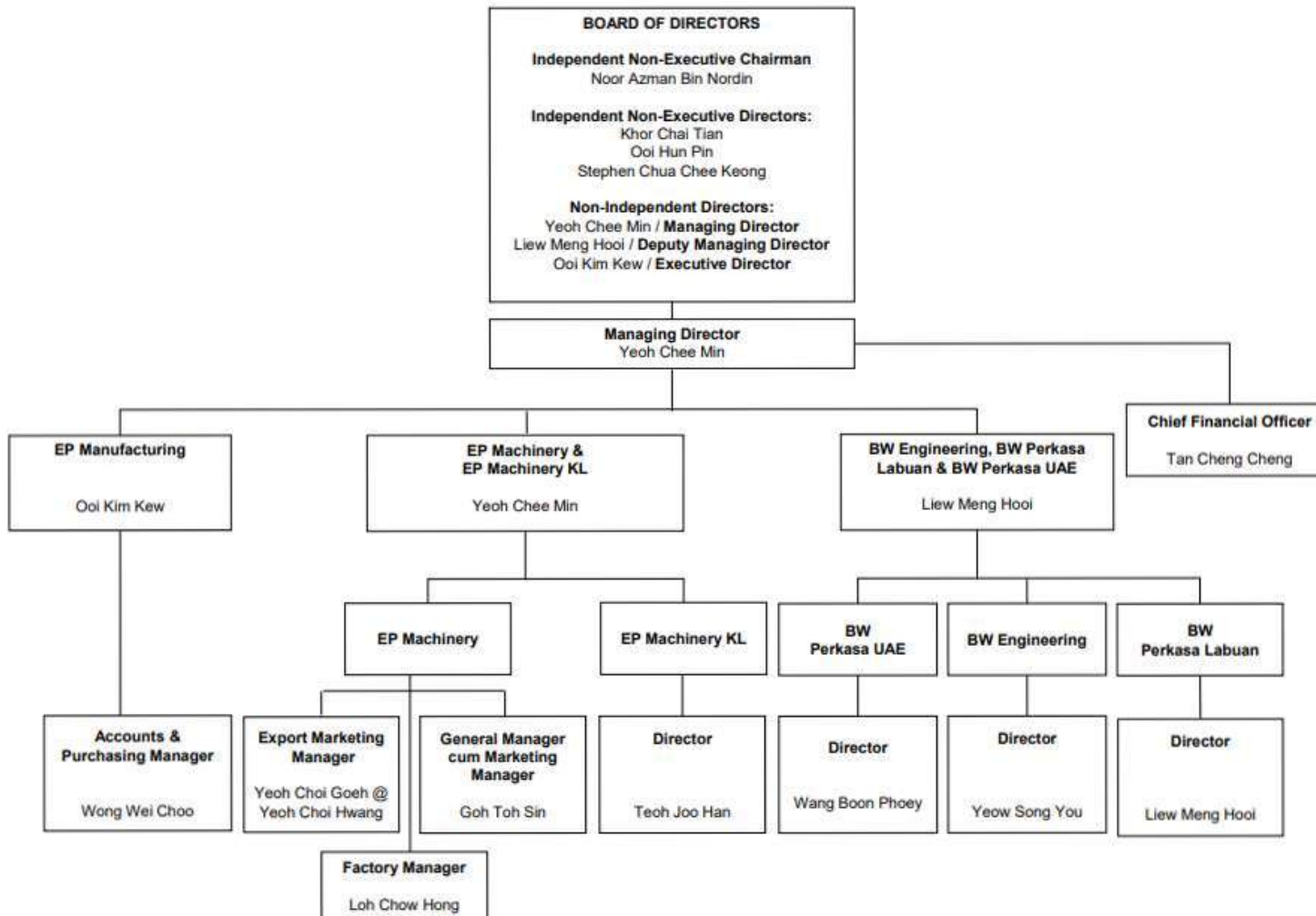
Our Group does not have any profit-sharing plan for the FYE 2022 and up to the LPD. The remuneration for each of our Directors is subject to review and recommendation by our Remuneration Committee, and the approval of our Board. The fees and other emoluments payable to our Directors shall be further approved by our shareholders pursuant to an ordinary resolution passed at a general meeting.

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

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

As at the LPD, our management reporting structure is depicted as follows: -



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

5.3.2 Shareholdings of the Key Senior Management

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

Key Senior Management	Designation	As at the LPD/Before the IPO				After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Tan Cheng Cheng	Chief Financial Officer	-	-	-	-	1,071,500	0.29	-	-
Teoh Joo Han	Director of EP Machinery KL	10,432,100	3.47	-	-	10,432,100	2.80	-	-
Wang Boon Phoey	Director of BW Perkasa UAE	-	-	-	-	2,142,500	0.58	-	-
Yeow Song You	Director of BW Engineering	-	-	-	-	3,750,000	1.01	-	-
Goh Toh Sin	General Manager cum Marketing Manager of EP Machinery	-	-	-	-	6,472,500	1.74	-	-
Yeoh Choi Goeh @ Yeoh Choi Hwang	Export Marketing Manager of EP Machinery	-	-	-	-	893,000	0.24	-	-
Loh Chow Hong	Factory Manager of EP Machinery	-	-	-	-	893,000	0.24	-	-
Wong Wei Choo	Accounts and Purchasing Manager of EP Manufacturing	-	-	-	-	446,500	0.12	-	-

Notes: -

(1) Based on our issued share capital of 300,430,002 Shares after the Pre-Listing Exercise.

(2) Based on our enlarged issued share capital of 372,000,002 Shares after our IPO.

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

5.3.3 Profiles of Key Senior Management

Save for the profiles of Yeoh Chee Min, Liew Meng Hooi and Ooi Kim Kew, which are disclosed in Section 5.1.2 of this Prospectus, the profiles of the other Key Senior Management of our Group are as follows: -

- (i) **Tan Cheng Cheng**, a Malaysian, female, aged 47, is our Chief Financial Officer. She is mainly responsible for overseeing our Group's overall finance-related functions.

She completed the Association of Chartered Certified Accountants examinations in 1999. She is a member of the Malaysian Institute of Accountants since 2017.

In 1996, she started her career as a part-time Accounts Clerk in MG Jaya Sdn. Bhd. responsible for preparing the company's financial statements. She left the company in 1997 to join J Heng Consulting Services (M) Sdn. Bhd. as a part-time Accounts Assistant. She left the company in 1999 to pursue a career overseas.

From 1999 to 2003, she was attached to Patrick Kan & Co, a Chartered Accountants firm in Singapore as an Audit Manager responsible for the overall planning, execution and management of audit assignments and performing audit. She later had a working stint as an Operations Manager with 88 Boba Sociedad Anonima de Capital Variable in Mexico during the period from 2004 to 2006. She was responsible for setting up a bubble tea house in Guadalajara, Mexico and handling the day-to-day operations of the company.

In 2006, she returned to Malaysia and joined Bomanite (Malaysia) Sdn. Bhd. as a Group Accountant responsible for handling the day-to-day financial control, accounting and reporting functions, preparing and reviewing financial and management reports as well as overseeing the maintenance of internal controls and compliance of tax matters. She left the company in 2007.

From 2008 to 2010, she had another working stint in Mexico. She worked in ASI Computer Technologies Mexico Sociedad de Responsabilidad Limitada de Capital Variable as a Financial Controller responsible for overseeing the company's accounting and credit department.

In 2010, she returned to Malaysia to join our Group as a Group Accountant responsible for managing our Group's finance related functions. In October 2022, she was re-designated to her current position.

Tan Cheng Cheng does not have any family relationship with any person in our Group.

Please refer to Section 5.3.4(i) of this Prospectus for the involvement of Tan Cheng Cheng in other companies outside our Group.

- (ii) **Teoh Joo Han**, a Malaysian, male, aged 45, is our Director of EP Machinery KL. He is mainly responsible for developing marketing strategies and overseeing the day-to-day operations of EP Machinery KL.

In 1996, he completed his Sijil Pelajaran Malaysia examination and immediately undertook various part-time jobs thereafter. In 2000, he completed a Technical and Practical Course of Training in Micro-Computer at Nanyang Institute of Electronics, Kuala Lumpur.

In 2000, he started his career at EP Machinery KL as a Technician responsible for providing product technical support. He left EP Machinery KL in 2002. From 2003 to 2004, he was attached to Protonic Sdn. Bhd. as a Sales Executive responsible for identifying new prospects and selling cooling system and fan products.

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

In 2005, he re-joined EP Machinery KL as a Sales Executive responsible for identifying new business prospects and sale of the company's products. In 2013, he was promoted to Sales Manager responsible for managing the sales team to achieve sales growth and meet sales target. He assumed his current position in 2015.

Teoh Joo Han does not have any family relationship with any person in our Group.

Please refer to Section 5.3.4(ii) of this Prospectus for the involvement of Teoh Joo Han in other companies outside our Group.

- (iii) **Wang Boon Phoey**, a Malaysian, female, aged 36, is our Director of BW Perkasa UAE. She is in charge of managing BW Perkasa UAE's daily activities.

She obtained a Bachelor of Food Science (Honours) in Food Service and Nutrition in 2011 from Universiti Malaysia Terengganu and in 2021, she graduated from Universiti Sains Malaysia with a Master of Business Administration.

She began her career as a food technologist with Premier Cereal Sdn. Bhd. in 2011. Her responsibilities included developing cost structures and innovative food concepts. She was later tasked with performing product Research and Development ("R&D") and manufacturing processes including quality assurance, and she was re-designated as R&D cum Production Executive in the same year.

She was transferred to Bestworld Equipment Sdn. Bhd. to assume the role of Personal Assistant to Liew Meng Hooi (our Deputy Managing Director), who was also a shareholder and director of the company at that time, from 2013 to 2014. She was performing secretarial duties and providing on-going administrative support.

From 2015 to 2018, she was transferred to BW Engineering to work as the Personal Assistant to Liew Meng Hooi. She was in charge of developing business ideas, executing sales and marketing operations, developing business initiatives and improvement plans, and supervising the development and implementation of the company's quality management system. In addition, from 2017 to 2018, she worked as Liew Meng Hooi's personal assistant at BW Perkasa Labuan.

She was appointed as an Associate Director of BW Perkasa Labuan in 2019 and in 2021, she was also appointed as the Associate Director of BW Engineering. She managed the daily operations and organisational growth of both businesses. In January 2022, she was transferred from BW Engineering to BW Perkasa Labuan and was promoted to General Manager (Operations). Following that, she was transferred to BW Perkasa UAE and assumed the role as Director in October 2022.

Wang Boon Phoey does not have any family relationship with any person in our Group.

Please refer to Section 5.3.4(iii) of this Prospectus for the involvement of Wang Boon Phoey in other companies outside our Group.

- (iv) **Yeow Song You**, a Malaysian, male, aged 32, is our Director of BW Engineering. He is in charge of managing BW Engineering daily activities.

He graduated from Monash University in Australia with a Bachelor of Engineering in the field of Chemical Engineering in 2016.

He has been with the Group since the beginning of his career in 2015. He began his career as the personal assistant to our Deputy Managing Director, Liew Meng Hooi and was in charge of managing service reports and project cycle flow and preparation of documentations for the project and service team to improve the overall operational flow with an emphasis on efficiency and wastage reduction in BW Engineering.

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

In 2017, he was given the opportunity to be the Associate Director of BW Engineering and to assist Liew Meng Hooi to manage the general administration of the company.

He was promoted to Associate Director and Head of Business Development of BW Perkasa Labuan in 2019 whereby his major responsibility was to look for new revenue streams in the Philippines. In addition, he was responsible for setting up regional operational teams to assist with project monitoring, installation and after-sales services.

He was promoted to General Manager (Business Development) of BW Perkasa UAE in February 2022 and in September 2022, he assumed his current position.

Yeow Song You is the nephew of Liew Meng Hooi, our Deputy Managing Director.

Please refer to Section 5.3.4(iv) of this Prospectus for the involvement of Yeow Song You in other companies outside our Group.

- (v) **Goh Toh Sin**, a Malaysian, male, aged 45, is our General Manager cum Marketing Manager of EP Machinery. He is mainly responsible for managing the local sales of our food processing and packaging machinery, and flexible packaging materials.

In 2001, he obtained a Diploma in Network Technology from Informatics College, Malaysia.

In 1997, he started his career in Penfabric Sdn. Bhd. as an Accounts Clerk responsible for keeping financial records updated, preparing reports and reconciling bank statements. He was promoted to IT System Support Officer in 2000 and was tasked with monitoring and maintaining the computer systems and networks of the company.

In 2003, he left Penfabric Sdn. Bhd. to join PITH Computer Sdn. Bhd. as a Sales Manager responsible for leading the sales team in driving the sales of TMNet Internet subscriptions to corporate customers. He left the company in 2007. In 2007, he was appointed as a director of Dwin Resources Sdn. Bhd., a company that is involved in buying, selling, renting and operating self-owned or leased non-residential buildings. He resigned as a director of the company in 2011. In 2011, he co-founded and served as a director of Dwin Solution and Services Sdn. Bhd., a company that is involved in the retailing of computers, computer equipment and supplies; where he was involved in overseeing the sales and services operations of the company. The company was subsequently dissolved on 17 March 2022. In 2018, he was appointed as a director of Evergreen Cove Sdn. Bhd. (now known as HM Solutions Partner Sdn. Bhd.), a company involved in trading of syrup and coffee beans, designing and developing of artworks and supplying printing material and related products as well as acting as commission agent selling packaging machine where he was responsible in overseeing the sales operations of the company. He resigned from the company in 2022. In 2019, he agreed to enter into a business partnership with our Managing Director, Yeoh Chee Min to take over and manage Easypreneur Dev Sdn. Bhd., a company involved in dealing of all kinds of food products, aquaculture and agriculture focusing on private business enterprises in the food sector. In 2020, the company changed its principal activities to acting as commission agent (particularly for our Group in relation to sales of food processing and packaging machinery solutions) and dealing in all kinds of food products. He resigned as a director of the company in 2023.

In 2021, he was seconded to EP Machinery to undertake the role of General Manager (Marketing and Customer Relationship) of EP Machinery and was re-designated to his current position in 2022.

Goh Toh Sin is a person connected to Yeoh Chee Min, our Managing Director.

Please refer to Section 5.3.4(v) of this Prospectus for the involvement of Goh Toh Sin in other companies outside our Group.

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

- (vi) **Yeoh Choi Goeh @ Yeoh Choi Hwang**, a Malaysian, female, aged 63, is our Export Marketing Manager of EP Machinery responsible for managing the exports of our food packaging machinery and flexible packaging materials.

In 1978, she finished her Form 5 education at Keat Hwa Secondary School in Alor Setar, Kedah and joined the work force thereafter.

In 1978, she started her career in a construction company as an Administrative Clerk responsible for organising and storing files, drafting letters and contacting clients over the phone. She left the company in 1978.

From 1979 to 1982, she was attached to Pertama Engineering as an Administrative cum Accounts Executive responsible for handling administrative tasks as well as preparing financial reports and filling of income tax returns. She later joined Yee Accounting as a Secretarial and Taxation Executive responsible for preparing resolutions, submitting incorporation documents, filling and preparing tax computations and submitting income tax returns. She was attached to the company from 1983 to 1985.

From 1986 to 1993, she worked as an Accounts and Administrative Executive with Italia Ceramics Sdn. Bhd. (from 1986 to 1990) and PMJ Ceramics Sdn. Bhd. (from 1991 to 1993). During her time with the two (2) companies, she was responsible for all operational activities including purchasing, inventory management, preparing financial reports, administrative tasks and sales support for walk-in customers.

In 1994, she joined Easy Pack Machinery Trading as an Accounts and Administrative Executive responsible for preparing financial reports and filling of income tax returns and administrative tasks. In 2000, she was transferred to Easy Pack Export Asia Sdn. Bhd. and in 2017, the company was renamed as Easy Pack Machinery (Borneo) Sdn. Bhd. During her time with Easy Pack Export Asia Sdn. Bhd. (now known as L&A Technology Solution Sdn. Bhd.), she served as a General Manager and built the sales of the company's products to the overseas market. In 2004, she led her team in obtaining an ISO 9001 certification.

In 2017, she was transferred to Easy Pack Technology Sdn. Bhd. (now known as EC Trading System Sdn. Bhd.) as Marketing Manager where her role expanded to oversee the production, fabrication and warehouse departments and obtained the ISO 9001 certification there as well. In 2020, she returned to EP Machinery and assumed her current position.

Yeoh Choi Goeh @ Yeoh Choi Hwang is the sibling of Yeoh Chee Min, our Managing Director.

Please refer to Section 5.3.4(vi) of this Prospectus for the involvement of Yeoh Choi Goeh @ Yeoh Choi Hwang in other companies outside our Group.

- (vii) **Loh Chow Hong**, a Malaysian, male, aged 41, is our Factory Manager of EP Machinery. He is mainly responsible for leading and training our technical team as well as supervising food packaging machinery installation, maintenance and repair activities.

He obtained an Executive Diploma in Mechanical Manufacturing Technology from Universiti Teknologi Malaysia in 2011 and an Executive Bachelor of Business Administration & Entrepreneurship from Asia e University in Subang Jaya, Selangor in 2017.

He has been attached to our Group since the start of his career. In 2004, he joined our Group as a Service Technician responsible for providing installation, maintenance, test and repair of machinery. In 2014, he worked as an assistant to our Managing Director, Yeoh Chee Min. Over the years, he was promoted to several technical positions,

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

General Manager (Technical) cum MD Technical Advisor (from 2015 to 2019), Production Manager (from 2019 to 2021) and General Manager (Technical) (from 2021 to 2022). He assumed his current position in December 2022.

Loh Chow Hong does not have any family relationship with any person in our Group.

Please refer to Section 5.3.4(vii) of this Prospectus for the involvement of Loh Chow Hong in other companies outside our Group.

- (viii) **Wong Wei Choo**, a Malaysian, female, aged 46, is our Accounts and Purchasing Manager of EP Manufacturing. She is mainly responsible for overseeing the day-to-day operations of EP Manufacturing.

In 2005, she obtained her Bachelor of Arts in Business Administration from the University of Abertay Dundee, United Kingdom.

In 1998, she started her career in Metro Diversified Resources Sdn. Bhd. as an Accounts and Administrative Assistant responsible for assisting in the preparation of financial statements and reports and supporting accounts payable and accounts receivable related functions. She left the company in 1999. From 1999 to 2001, she was attached to Marine Adventurers Tours Sdn. Bhd. as an Accounts Executive responsible for handling a full set of accounts and cash management.

In 2001, she joined EP Machinery as an Accounts Clerk responsible for undertaking bookkeeping, maintaining financial records as well as checking, verifying and processing invoices. In 2009, she was promoted to Accounts Manager responsible for handling a full set of accounts and taxation matters, monitoring accounts payable and accounts receivable. In 2015, she was seconded to EP Manufacturing and assumed her current position.

Wong Wei Choo does not have any family relationship with any person in our Group.

Please refer to Section 5.3.4(viii) of this Prospectus for the involvement of Wong Wei Choo in other companies outside our Group.

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

5.3.4 Involvement of our Key Senior Management in other business/corporation outside our Group

Save as disclosed below, our Key Senior Management do not have any other principal directorship held or principal business activities performed by them in other corporations outside our Group within the past five (5) years up to the LPD.

(i) Tan Cheng Cheng

Company	Principal Activities	Position	Equity interest held as at the LPD		Date of Appointment / (Resignation) as Director
			Direct (%)	Indirect (%)	
Past Involvement					
(a) EC Steel (M) Sdn. Bhd.	Trading and manufacturing of stainless steel products.	Director	-	-	15 December 2014 / (23 August 2021)

(ii) Teoh Joo Han

Company	Principal Activities	Position	Equity interest held as at the LPD		Date of Appointment/ (Resignation) as Director
			Direct (%)	Indirect (%)	
Past Involvement					
(a) Waterson Resources	Trading of home appliances and household product.	Sole proprietor	-	-	23 June 2020 / (17 March 2022)

(iii) Wang Boon Phoey

Wang Boon Phoey does not have any other principal directorship held or principal business activities performed by her in other corporations outside our Group within the past five (5) years up to the LPD.

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

(iv) Yeow Song You

Company	Principal Activities	Position	Equity interest held as at the LPD		Date of Appointment/ (Resignation) as Director
			Direct (%)	Indirect (%)	
Past Involvement					
(a) Unifrost Machinery Sdn. Bhd.	Installation of ventilation, refrigeration or air-conditioning equipment and ducts and wholesale of electrical and electronics goods.	Director	-	-	7 January 2019 / (28 September 2022)

(v) Goh Toh Sin

Company	Principal Activities	Position	Equity interest held as at the LPD ⁽¹⁾		Date of Appointment/ (Resignation) as Director
			Direct (%)	Indirect (%) ⁽²⁾	
Present Involvement					
(a) Gsupply Technology Sdn. Bhd.	Real estate activities with own or leased property N.E.C	Director and shareholder	17.50	-	14 May 2012 / -
(b) Aquaponics Science Park Sdn. Bhd.	Manufacturer and distributor of coffee, tea and beverages and to act as dealer and consultant on aquaponics system.	Director and shareholder	40.00	-	22 April 2019 / -
(c) Easypreneur Dev Sdn. Bhd.	In the midst of realising its assets and settling its liabilities, so that it can be dissolved eventually ⁽⁴⁾ . Previously acted as marketing commission agent.	Shareholder	50.00	-	13 May 2019 / (28 February 2023)
(d) Food Technovation Sdn. Bhd.	In the midst of being struck off ⁽³⁾ . Previously involved in providing consultation on food regulations, labelling equipment's, food safety and defence. To develop, design of processes, choice of packaging materials, shelf-life studies and sensory evaluation for food products.	Shareholder	30.00	-	10 December 2021 / (28 February 2023)

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

Company	Principal Activities	Position	Equity interest held as at the LPD ⁽¹⁾		Date of Appointment/ (Resignation) as Director	
			Direct (%)	Indirect (%) ⁽²⁾		
Past Involvement						
(e)	Dwin Solution and Services Sdn. Bhd.	Dissolved on 17 March 2022. Previously involved in retail sale of computers, computer equipment and supplies.	Director and shareholder	50.00	50.00	3 October 2011 / -
(f)	Nat 2 Go Venture	Ceased on 1 November 2018. Previously involved in development of aquaponic system, manufacturing, distribution, food and beverage packaging, extracting, trading of natural goods and development of food and beverage products.	Sole proprietor	-	-	2 November 2017 / -
(g)	M Fresh Fruits Sdn. Bhd.	Dissolved on 23 February 2022. Previously involved in other business support services activities N.E.C, export and import of fruits and vegetables food products and activities of holding companies.	Director and shareholder	33.33	-	7 August 2018 / -
(h)	HM Solutions Partner Sdn. Bhd.	Commission received on selling machine and general trading, designing, developing of artworks and supplying of printing material and related products and transportation agent, agricultural, food and beverage supplies and raw materials and investment holding.	Director	-	-	1 October 2018 / (6 January 2022)
(i)	Vending Platforms Sdn. Bhd.	Dissolved on 7 July 2023. Previously acted as commission agents and to provide services and platforms to collect payment made via or code and credit card wave scanner through vending machines.	Director and shareholder	20.00	-	16 February 2021 / -

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

Notes: -

- (1) *For companies that had been dissolved/wound up, the equity interest held as stated above represents equity interest held prior to the relevant companies being dissolved/wound up.*
- (2) *Deemed interested by virtue of the equity interest held by his spouse pursuant to Section 8 and Section 59 of the Act.*
- (3) *The company has been struck off in the Gazette on 4 September 2023.*
- (4) *As at the LPD, the company is dormant and is in the midst of realising its assets and settling its liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.*

(vi) Yeoh Choi Goeh @ Yeoh Choi Hwang

Yeoh Choi Goeh @ Yeoh Choi Hwang does not have any other principal directorship held or principal business activities performed by her in other corporations outside our Group within the past five (5) years up to the LPD.

(vii) Loh Chow Hong

Loh Chow Hong does not have any other principal directorship held or principal business activities performed by him in other corporations outside our Group within the past five (5) years up to the LPD.

(viii) Wong Wei Choo

Company	Principal Activities	Position	Equity interest held as at the LPD		Date of Appointment/ (Resignation) as Director
			Direct (%)	Indirect (%)	
Present Involvement					
(a) Avery Resources Sdn. Bhd.	Supplying personal care, beauty and healthcare related products.	Director and shareholder	15.00	-	21 November 2005 / -

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

5.3.5 Key Senior Management's Remuneration and Benefits

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

FYE 2022

Key Senior Management	(in bands of RM50,000)			
	Remuneration RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Tan Cheng Cheng	200 - 250	50 - 100	-	250 - 300
Teoh Joo Han	150 - 200	50 - 100	0 - 50	250 - 300
Wang Boon Phoey	150 - 200	0 - 50	-	200 - 250
Yeow Song You	150 - 200	0 - 50	-	200 - 250
Goh Toh Sin	150 - 200	0 - 50	0 - 50	200 - 250
Yeoh Choi Goeh @ Yeoh Choi Hwang	150 - 200	100 - 150	-	250 - 300
Loh Chow Hong	200 - 250	50 - 100	0 - 50	250 - 300
Wong Wei Choo	50 - 100	-	-	50 - 100

Estimated for FYE 2023

Key Senior Management	(in bands of RM50,000)			
	Remuneration RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Tan Cheng Cheng	200 - 250	50 - 100	-	300 - 350
Teoh Joo Han	150 - 200	0 - 50	0 - 50	200 - 250
Yeow Song You	200 - 250	50 - 100	-	250 - 300
Wang Boon Phoey	200 - 250	50 - 100	-	250 - 300
Goh Toh Sin	150 - 200	100 - 150	0 - 50	350 - 400
Yeoh Choi Goeh @ Yeoh Choi Hwang	150 - 200	50 - 100	-	200 - 250
Loh Chow Hong	200 - 250	50 - 100	0 - 50	300 - 350
Wong Wei Choo	50 - 100	0 - 50	-	50 - 100

Our Group does not have any profit-sharing plan for the FYE 2022 and up to the LPD. The remuneration for each of our Key Senior Management is subject to review and recommendation by our Remuneration Committee, and the approval of our Board.

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

5.4 BOARD PRACTICE

5.4.1 Directorship

The number of years that our Directors have served in office and the date of expiration of their respective terms of office are set out below: -

Name	Designation	Date of appointment	Date of expiration of the current term of office	No. of years in office as at the LPD
Noor Azman Bin Nordin	Independent Non-Executive Chairman	20 September 2022	Subject to rotation at the annual general meeting in year 2025	Less than one (1) year
Yeoh Chee Min	Managing Director	28 February 2022	Subject to rotation at the annual general meeting in year 2025	One (1) year
Liew Meng Hooi	Deputy Managing Director	28 February 2022	Subject to rotation at the annual general meeting in year 2026	One (1) year
Ooi Kim Kew	Executive Director	20 September 2022	Subject to rotation at the annual general meeting in year 2026	Less than one (1) year
Khor Chai Tian	Independent Non-Executive Director	20 September 2022	Subject to re-election at the forthcoming annual general meeting in year 2024	Less than one (1) year
Ooi Hun Pin	Independent Non-Executive Director	20 September 2022	Subject to rotation at the annual general meeting in year 2026	Less than one (1) year
Stephen Chua Chee Keong	Independent Non-Executive Director	20 September 2022	Subject to re-election at the forthcoming annual general meeting in year 2024	Less than one (1) year

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

As at the LPD, we have yet to adopt the recommendation under practice 5.9 of the MCGG for our Board to comprise at least 30% women directors. Our Board recognises the importance of diversity in our Board composition and will consider having more female directors. However, our Board takes cognisance that it may take time for our Company to appoint suitable candidates which possess the relevant industry experience and are able to contribute to our Board while bringing a diverse perspective. In this regard, our Board expects that the identification process may take a considerable amount of time and hence we endeavour to comply with the recommendation under practice 5.9 of the MCGG within twenty-four (24) months from our Listing, or within any period so prescribed in the Listing Requirements from time to time, whichever is earlier. Save for practice 5.9 of the MCGG, we have adopted the other recommendations under the MCGG in terms of the composition of our Board and Board committees.

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

5.4.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 16 March 2023 and its members are appointed by our Board.

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

Name	Designation	Directorship
Ooi Hun Pin	Chairman	Independent Non-Executive Director
Khor Chai Tian	Member	Independent Non-Executive Director
Stephen Chua Chee Keong	Member	Independent Non-Executive Director

The duties and responsibilities as stated in the terms of reference of our Audit and Risk Management Committee include the following: -

- (a) to review the quarterly and annual financial statements of the Group focusing particularly on: -
 - (aa) any changes in or implementation of major accounting policies and practices;
 - (bb) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - (cc) significant adjustments arising from the audit;
 - (dd) compliance with accounting standards and other legal requirements; and
 - (ee) going concern assumption;
- (b) to review the annual performance assessment, including the suitability and independence of the external auditors and make recommendations to the Board, the appointment or re-appointment of the external auditors;
- (c) to review the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the external auditors;
- (d) to consider the effectiveness of the internal control system and risk management framework;
- (e) to review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (f) to receive and review on a periodic basis the reports, findings and recommendations of the internal audit team and/or outsourced internal auditors and to ensure that appropriate actions have been taken to implement the audit recommendations; and
- (g) to carry out any other function that may be mutually agreed upon by the Audit and Risk Management Committee and the Board.

Our Nomination and Remuneration Committee will review the composition, performance and effectiveness of our Audit and Risk Management Committee annually.

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

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

5.4.3 Remuneration Committee

Our Remuneration Committee was established on 16 March 2023 and its members are appointed by our Board.

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

Name	Designation	Directorship
Khor Chai Tian	Chairman	Independent Non-Executive Director
Stephen Chua Chee Keong	Member	Independent Non-Executive Director
Ooi Hun Pin	Member	Independent Non-Executive Director

The duties and responsibilities as stated in the terms of reference of our Remuneration Committee include the following: -

- (a) to recommend a remuneration framework for all the Directors, and Key Senior Management for the Board's approval taking into consideration of the following: -
 - (aa) to ensure a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre;
 - (bb) the framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefit-in-kind and take into account the complexity of the Company's business and the individual's responsibilities;
 - (cc) the remuneration should also be aligned with the business strategy and long-term objectives of the Company and take into consideration the Company's performance in managing material sustainability risks and opportunities; and
 - (dd) for Non-Executive Directors and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board.
- (b) to ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of the Managing Director, Executive Directors and Key Senior Management.

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

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

5.4.4 Nomination Committee

Our Nomination Committee was established on 16 March 2023 and its members are appointed by our Board.

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

Name	Designation	Directorship
Stephen Chua Chee Keong	Chairman	Independent Non-Executive Director
Ooi Hun Pin	Member	Independent Non-Executive Director
Khor Chai Tian	Member	Independent Non-Executive Director

The duties and responsibilities as stated in the terms of reference of our Nomination Committee include the following: -

- (a) to assist our Board in ensuring that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) to ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees;
- (c) to evaluate the performance and effectiveness of our Board and the relevant Board committees annually;
- (d) to ensure appropriate selection criteria and processes and to identify and recommend to the Board, candidates for directorships of the Company and members of the relevant Board committees;
- (e) to assist our Board to assess and evaluate circumstances where a Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving declaration of the same from our Director and thereafter, to inform our Audit and Risk Management Committee of the same. After deliberation with our Audit and Risk Management Committee, to recommend to our Board the necessary actions to be taken in circumstances where there is a conflict of interest; and
- (f) to ensure an appropriate framework and succession planning for our Board and management succession, including our future chairman, Executive Directors and chief executive officer.

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

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

5.5 RELATIONSHIP AND/OR ASSOCIATION

As at the LPD and save as disclosed below, there are no associations and family relationships between the Directors, substantial shareholders and Key Senior Management of our Group: -

- (i) Yeoh Chee Min, our Promoter, substantial shareholder and Managing Director, is the spouse of Ooi Kim Kew, our Promoter, substantial shareholder and Executive Director. He is also the sibling of Yeoh Choi Goeh @ Yeoh Choi Hwang, our Export Marketing Manager of EP Machinery.
- (ii) Ooi Kim Kew, our Promoter, substantial shareholder and Executive Director, is the spouse of Yeoh Chee Min, our Promoter, substantial shareholder and Managing Director.
- (iii) Liew Meng Hooi, our Promoter, substantial shareholder and Deputy Managing Director, is the uncle of Yeow Song You, our Director of BW Engineering.
- (iv) Yeoh Choi Goeh @ Yeoh Choi Hwang, our Export Marketing Manager of EP Machinery, is the sibling of Yeoh Chee Min, our Promoter, substantial shareholder and Managing Director.
- (v) Yeow Song You, our Director of BW Engineering, is the nephew of Liew Meng Hooi, our Promoter, substantial shareholder and Deputy Managing Director.
- (vi) Goh Toh Sin, our General Manager cum Marketing Manager of EP Machinery, is a person connected to Yeoh Chee Min, our Promoter, substantial shareholder and Managing Director. He is deemed as person connected to Yeoh Chee Min as he falls within the definition of "Partner" of Yeoh Chee Min, by virtue of their interests in Easypreneur Dev Sdn. Bhd. which is 50%:50% owned by Goh Toh Sin and Yeoh Chee Min respectively.

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

5.6 SERVICE AGREEMENTS

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

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Each of our Promoters, Directors and Key Senior Management has confirmed at, as at the LPD, he/she is not and has not been involved in any of the following events (whether in or outside Malaysia): -

- (i) in the last ten (10) years, a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he/she was a partner or any corporation of which he was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last ten (10) years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last ten (10) years, any judgment that was entered against him/her, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last ten (10) years, he/she was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;
- (vi) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity;
- (vii) in the last ten (10) years, he/she has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) having any unsatisfied judgment against him/her.

5.8 BENEFITS PAID OR INTENDED TO BE PAID

Save for our Directors' remuneration and benefits as disclosed in Section 5.2.5 of this Prospectus, there is no amount and benefit that has been or is intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.

6. GENERAL INFORMATION ON OUR GROUP

6.1 INCORPORATION AND HISTORY

Our Company was incorporated in Malaysia under the Act on 28 February 2022 as a private limited company under the name of EPB Group Sdn. Bhd., for the purpose of being an investment holding company and the listing vehicle to facilitate the Listing. Subsequently, our Company was converted to a public limited company on 10 March 2023 and adopted our present name, EPB Group Berhad.

We are principally an investment holding company. Through our subsidiaries, our Group is principally involved in the in provision of food processing and packaging machinery solutions, trading of cellulose casings and manufacturing and trading of flexible packaging materials.

The details of our Group's history are set out in Section 7.1 of this Prospectus.

6.2 SHARE CAPITAL

As at the LPD, our Company's issued share capital is RM2.00 comprising 2 Shares. Upon completion of the Pre-Listing Exercise, our Company's issued share capital will increase to RM30.04 million comprising 300,430,002 Shares.

The changes in our Company's issued share capital since incorporation are as follows: -

Date of allotment	No. of Shares allotted	Details/ Allotment Price	Consideration	Cumulative issued share capital	
				RM	No. of ordinary shares
28 February 2022	2	Subscription new shares/RM1.00 each	Cash	2	2
[●]	300,430,000	Pre-Listing Exercise/ RM0.10 each	Other than cash ⁽¹⁾	30,043,002	300,430,002

Note: -

(1) Pursuant to Pre-Listing Exercise

Upon completion of our IPO, our Company's enlarged issued share capital is expected to increase to RM[●] million comprising 372,000,002 Shares before utilisation of proceeds.

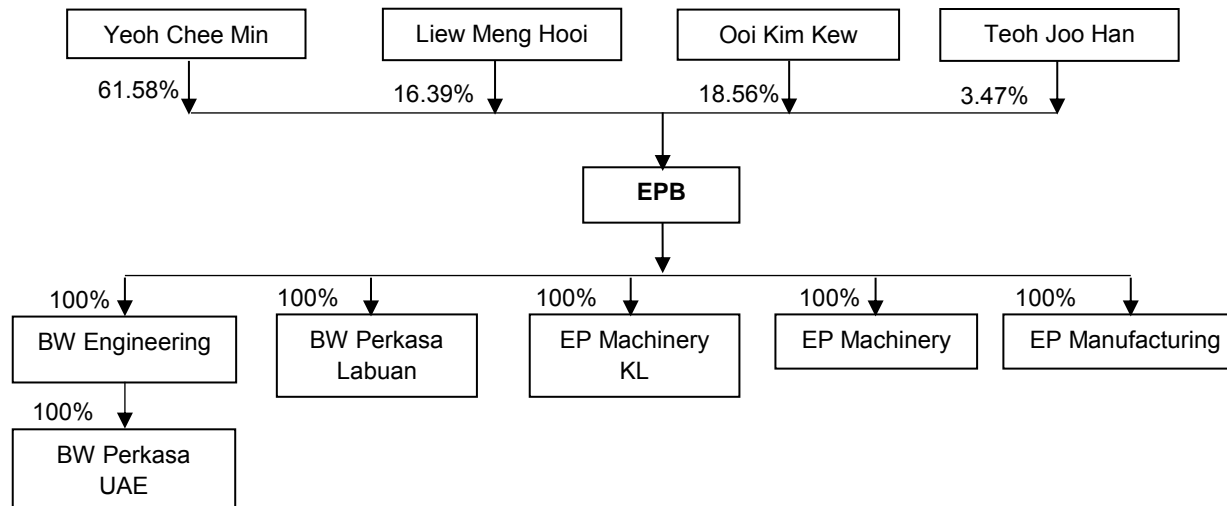
None of our Shares as tabulated above were issued at a discount, on special terms or instalment payment terms. As at the LPD, our Company does not have any warrant, option or convertible securities in issue or any uncalled capital in respect of our Shares.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)

6.3 SUBSIDIARIES

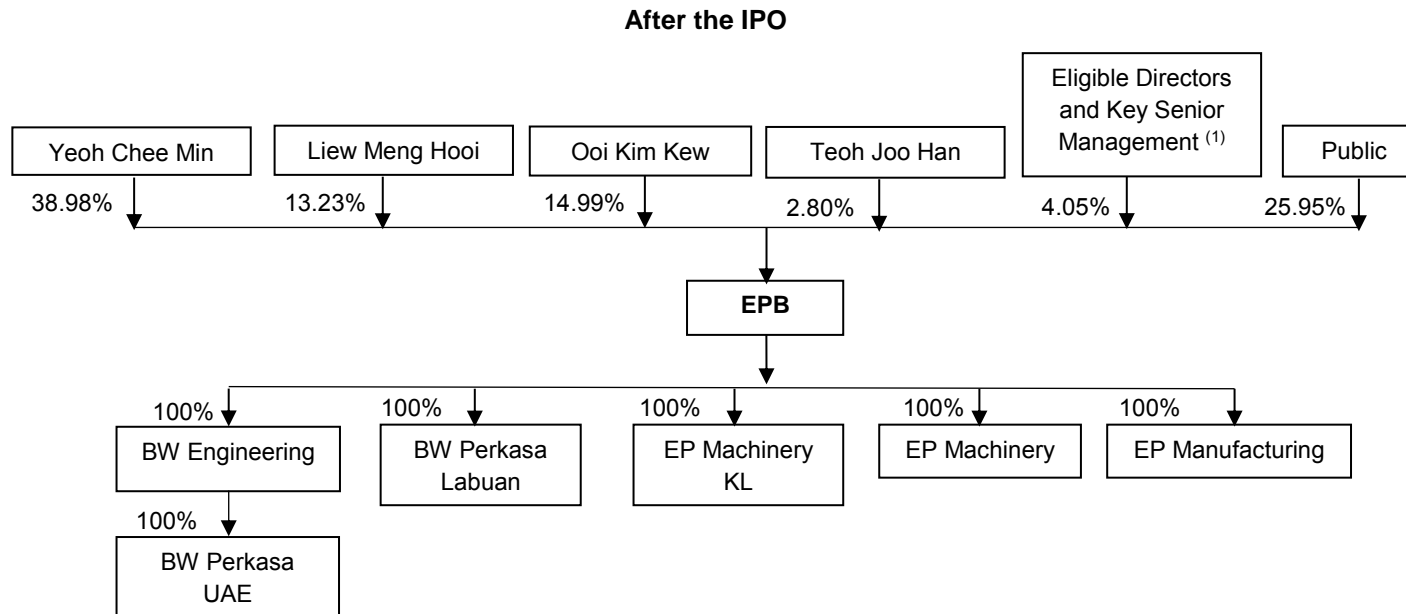
Our Group structure before the IPO (as at the LPD and after the Pre-Listing Exercise) is as follows: -

Before the IPO



6. GENERAL INFORMATION ON OUR GROUP (cont'd)

Our Group structure after our IPO is as follows: -



6. GENERAL INFORMATION ON OUR GROUP (cont'd)Note: -

(1) The Pink Form Allocations to the Eligible Directors and Key Senior Management (who do not fulfil the definition of "Public" as set out in the Listing Requirements) are as follows: -

Name	Designation	No. of Shares	%
<u>Eligible Directors</u>			
Noor Azman Bin Nordin	Independent Non-Executive Chairman	450,000	0.12
Khor Chai Tian	Independent Non-Executive Director	450,000	0.12
Ooi Hun Pin	Independent Non-Executive Director	450,000	0.12
Stephen Chua Chee Keong	Independent Non-Executive Director	450,000	0.12
<u>Key Senior Management</u>			
Yeow Song You	Director of BW Engineering	3,750,000	1.01
Wang Boon Phoey	Director of BW Perkasa UAE	2,142,500	0.58
Yeoh Choi Goeh @ Yeoh Choi Hwang ⁽ⁱ⁾	Export Marketing Manager of EP Machinery	893,000	0.24
Goh Toh Sin ⁽ⁱⁱ⁾	General Manager cum Marketing Manager of EP Machinery	6,472,500	1.74

Notes: -

(i) Sibling of Yeoh Chee Min.

(ii) Deemed as person connected to Yeoh Chee Min as he falls within the definition of "Partner" of Yeoh Chee Min, by virtue of their interests in Easypreneur Dev Sdn. Bhd. which is 50%:50% owned by Goh Toh Sin and Yeoh Chee Min respectively.

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6. GENERAL INFORMATION ON OUR GROUP (cont'd)

Details of our subsidiaries are summarised as follows: -

Subsidiaries	Date/Place of incorporation	Principal place of business	Effective equity interest (%)	Issued share capital	Principal activities
BW Engineering	31 December 2014 / Malaysia	Pulau Pinang	100.00	RM800,000	Manufacturing, assembly and trading of machinery and equipment
BW Perkasa Labuan	29 January 2015 / Malaysia	Labuan	100.00	USD10,000	Agency and management service for refrigeration, cold chain, food processing equipment and ingredient
EP Machinery	10 July 1996 / Malaysia	Pulau Pinang	100.00	RM2,165,000	Provision of food processing and packaging machinery solutions including industrial robots and related accessories for its customers primarily involved in the food industry and also as laboratory equipment and its related accessories for research purposes ⁽¹⁾
EP Machinery KL	3 February 2000 / Malaysia	Kuala Lumpur	100.00	RM583,000	Dealing in all kinds of packaging machinery and trading in absorbent agents and packing materials
EP Manufacturing	22 March 1999 / Malaysia	Pulau Pinang	100.00	RM1,963,000	Manufacturing and trading of packaging materials
Subsidiary of BW Engineering					
BW Perkasa UAE	16 June 2021 / United Arab Emirates	United Arab Emirates (Offshore)	100.00	USD75,000	Installation of industrial machinery and equipment and wholesale trade

Note: -

(1) *EP Machinery had updated its principal activities from “assembly, trading and servicing of packaging machines” to “provision of food processing and packaging machinery solutions including industrial robots and related accessories for its customers primarily involved in the food industry and also as laboratory equipment and its related accessories for research purposes” on 14 August 2023.*

As at the LPD, our Company does not have any joint venture and associated company.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)**6.3.1 BW Engineering****(i) Background information and principal activities**

BW Engineering was incorporated in Malaysia under the Companies Act 1965 on 31 December 2014. BW Engineering is principally involved in manufacturing, assembly and trading of machinery and equipment. BW Engineering is also involved in the trading of cellulose casings in the domestic market.

The principal place of business is at 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang.

(ii) Share capital

As at the LPD, the share capital of BW Engineering is RM800,000 comprising 800,000 ordinary shares in BW Engineering.

The changes in BW Engineering's issued share capital since incorporation are as follows: -

Date of allotment	No. of ordinary shares allotted	Details/ Allotment Price	Consideration	Cumulative issued share capital	
				RM	No. of ordinary shares
31 December 2014	2	Subscription of new shares/RM1.00 each	Cash	2	2
20 July 2016	399,998	Subscription of new shares/RM1.00 each	Cash	400,000	400,000
22 September 2016	400,000	Subscription of new shares/RM1.00 each	Cash	800,000	800,000

None of ordinary shares in BW Engineering as tabulated above were issued at a discount, on special terms or instalment payment terms. As at the LPD, BW Engineering does not have any warrant, option or convertible securities in issue or any uncalled capital in respect of the ordinary shares of BW Engineering.

(iii) Directors and substantial shareholders

As at the LPD, the Directors of BW Engineering are Yeoh Chee Min, Liew Meng Hooi and Yeow Song You.

Upon completion of the Pre-Listing Exercise, BW Engineering becomes a wholly-owned subsidiary of our Company.

(iv) Subsidiary and associated companies

As at the LPD, the subsidiary of BW Engineering is as follows: -

Subsidiaries	Date/Place of incorporation	Principal place of business	Effective equity interest (%)	Issued share capital	Principal activities
BW Perkasa UAE	16 June 2021 / United Arab Emirates	United Arab Emirates (Offshore)	100.00	USD75,000	Installation of industrial machinery and equipment and wholesale trade.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)

As at the LPD, BW Engineering does not have any associated company.

6.3.2 BW Perkasa Labuan**(i) Background information and principal activities**

BW Perkasa Labuan was incorporated in Labuan, Malaysia under the Labuan Companies Act 1990 on 29 January 2015. BW Perkasa Labuan is principally involved in agency and management service for refrigeration, cold chain, food processing equipment and ingredient. BW Perkasa Labuan was formerly involved in the provision of food processing and packaging machinery solutions as well as the trading of cellulose casings in the overseas market which has ceased during the FYE 2022.

The principal place of business is at Room 07, Lot C12, 1st Floor, Podium Level, Financial Park, Jalan Merdeka, 87000 Labuan F.T., Malaysia.

(ii) Share capital

As at the LPD, the share capital of BW Perkasa Labuan is USD10,000 comprising 10,000 ordinary shares in BW Perkasa Labuan.

The changes in BW Perkasa Labuan's issued share capital since incorporation are as follows: -

Date of allotment	No. of ordinary shares allotted	Details/ Allotment Price	Consideration	Cumulative issued share capital	
				USD	No. of ordinary shares
29 January 2015	10,000	Subscription of new shares/USD1.00 each	Cash	10,000	10,000

None of ordinary shares in BW Perkasa Labuan as tabulated above were issued at a discount, on special terms or instalment payment terms. As at the LPD, BW Perkasa Labuan does not have any warrant, option or convertible securities in issue or any uncalled capital in respect of the ordinary shares of BW Perkasa Labuan.

(iii) Directors and substantial shareholders

As at the LPD, the Directors of BW Perkasa Labuan are Yeoh Chee Min and Liew Meng Hooi.

Upon completion of the Pre-Listing Exercise, BW Perkasa Labuan is a wholly-owned subsidiary of our Company.

(iv) Subsidiary and associated companies

As at the LPD, BW Perkasa Labuan does not have any subsidiary and associated companies.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)**6.3.3 EP Machinery****(i) Background information and principal activities**

EP Machinery was incorporated in Malaysia under the Companies Act 1965 on 10 July 1996. EP Machinery is principally involved in the provision of food processing and packaging machinery solutions including industrial robots and related accessories for its customers primarily involved in the food industry and also as laboratory equipment and its related accessories for research purposes.

The principal place of business is at PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang.

(ii) Share capital

As at the LPD, the share capital of EP Machinery is RM2,165,000 comprising 2,165,000 ordinary shares in EP Machinery.

The changes in EP Machinery's issued share capital since incorporation are as follows: -

Date of allotment	No. of ordinary shares allotted	Details/ Allotment Price	Consideration	Cumulative issued share capital	
				RM	No. of ordinary shares
10 July 1996	3	Subscription of new shares/RM1.00 each	Cash	3	3
6 December 1996	99,997	Subscription of new shares/RM1.00 each	Cash	100,000	100,000
23 September 2003	250,000	Subscription of new shares/RM1.00 each	Cash	350,000	350,000
24 October 2005	150,000	Subscription of new shares/RM1.00 each	Cash	500,000	500,000
1 March 2006	150,000	Subscription of new shares/RM1.00 each	Cash	650,000	650,000
6 December 2006	100,000	Subscription of new shares/RM1.00 each	Cash	750,000	750,000
2 July 2007	200,000	Subscription of new shares/RM1.00 each	Cash	950,000	950,000
28 February 2008	130,000	Subscription of new shares/RM1.00 each	Cash	1,080,000	1,080,000
29 April 2010	150,000	Subscription of new shares/RM1.00 each	Cash	1,230,000	1,230,000
13 September 2010	500,000	Subscription of new shares/RM1.00 each	Cash	1,730,000	1,730,000
20 March 2014	435,000	Subscription of new shares/RM1.00 each	Cash	2,165,000	2,165,000

None of ordinary shares in EP Machinery as tabulated above were issued at a discount, on special terms or instalment payment terms. As at the LPD, EP Machinery does not have any warrant, option or convertible securities in issue or any uncalled capital in respect of the ordinary shares of EP Machinery.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)**(iii) Directors and substantial shareholders**

As at the LPD, the Directors of EP Machinery are Yeoh Chee Min and Ooi Kim Kew.

Upon completion of the Pre-Listing Exercise, EP Machinery becomes a wholly-owned subsidiary of our Company.

(iv) Subsidiary and associated companies

As at the LPD, EP Machinery does not have any subsidiary and associated companies.

6.3.4 EP Machinery KL**(i) Background information and principal activities**

EP Machinery KL was incorporated in Malaysia under the Companies Act 1965 on 3 February 2000. EP Machinery KL is principally involved in dealing in all kinds of packaging machinery and trading in absorbent agents and packing materials.

The principal place of business is at 15, Jalan Pengetua U1/32, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor.

(ii) Share capital

As at the LPD, the share capital of EP Machinery KL is RM583,000 comprising 583,000 ordinary shares in EP Machinery KL.

The changes in EP Machinery KL's issued share capital since incorporation are as follows: -

Date of allotment	No. of ordinary shares allotted	Details/ Allotment Price	Consideration	Cumulative issued share capital	
				RM	No. of ordinary shares
3 February 2000	2	Subscription of new shares/RM1.00 each	Cash	2	2
25 February 2002	99,998	Subscription of new shares/RM1.00 each	Cash	100,000	100,000
15 September 2004	200,000	Subscription of new shares/RM1.00 each	Other than cash ⁽¹⁾	300,000	300,000
25 June 2009	283,000	Subscription of new shares/RM1.00 each	Cash	583,000	583,000

Note: -

(1) By way of capitalisation of indebtedness owing to shareholders

None of ordinary shares in EP Machinery KL as tabulated above were issued at a discount, on special terms or instalment payment terms. As at the LPD, EP Machinery KL does not have any warrant, option or convertible securities in issue or any uncalled capital in respect of the ordinary shares of EP Machinery KL.

(iii) Directors and substantial shareholders

As at the LPD, the Directors of EP Machinery KL are Yeoh Chee Min and Teoh Joo Han.

Upon completion of the Pre-Listing Exercise, EP Machinery KL becomes a wholly-owned subsidiary of our Company.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)**(iv) Subsidiary and associated companies**

As at the LPD, EP Machinery KL does not have any subsidiary and associated companies.

6.3.5 EP Manufacturing**(i) Background information and principal activities**

EP Manufacturing was incorporated in Malaysia under the Companies Act 1965 on 22 March 1999. EP Manufacturing is principally involved in trading and manufacturing of packaging materials.

The principal place of business is at 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang.

(ii) Share capital

As at the LPD, the share capital of EP Manufacturing is RM1,963,000 comprising 1,963,000 ordinary shares in EP Manufacturing.

The changes in EP Manufacturing's issued share capital since incorporation are as follows: -

Date of allotment	No. of ordinary shares allotted	Details/ Allotment Price	Consideration	Cumulative issued share capital	
				RM	No. of ordinary shares
22 March 1999	2	Subscription of new shares/RM1.00 each	Cash	2	2
10 October 2000	98	Subscription of new shares/RM1.00 each	Cash	100	100
28 February 2002	349,900	Subscription of new shares/RM1.00 each	Cash	350,000	350,000
29 July 2004	100,000	Subscription of new shares/RM1.00 each	Cash	450,000	450,000
11 July 2017	950,000	Subscription of new shares/RM1.00 each	Cash	1,400,000	1,400,000
20 October 2017	448,000	Subscription of new shares/RM1.00 each	Cash	1,848,000	1,848,000
27 March 2018	115,000	Subscription of new shares/RM1.00 each	Cash	1,963,000	1,963,000

None of ordinary shares in EP Manufacturing as tabulated above were issued at a discount, on special terms or instalment payment terms. As at the LPD, EP Manufacturing does not have any warrant, option or convertible securities in issue or any uncalled capital in respect of the ordinary shares of EP Manufacturing.

(iii) Directors and substantial shareholders

As at the LPD, the Directors of EP Manufacturing are Yeoh Chee Min and Ooi Kim Kew.

Upon completion of the Pre-Listing Exercise, EP Manufacturing becomes a wholly-owned subsidiary of our Company.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)**(iv) Subsidiary and associated companies**

As at the LPD, EP Manufacturing does not have any subsidiary and associated companies.

6.3.6 BW Perkasa UAE**(i) Background information and principal activities**

BW Perkasa UAE was incorporated in United Arab Emirates under the Ras Al Khaimah International Corporate Centre Business Companies Regulations 2018 on 16 June 2021. BW Perkasa UAE is principally involved in installation of industrial machinery and equipment and wholesale trade. BW Perkasa UAE is also involved in the trading of cellulose casings in the overseas market.

The registered office is at Unit No. 316A, Building No. A4, Al Hamra Industrial Zone – FZ P.O. Box 85557, Ras Al Khaimah, United Arab Emirates.

(ii) Share capital

As at the LPD, the share capital of BW Perkasa UAE is USD75,000 comprising 75,000 ordinary shares in BW Perkasa UAE.

The changes in BW Perkasa UAE's issued share capital since incorporation are as follows: -

Date of allotment	No. of ordinary shares allotted	Details/ Allotment Price	Consideration	Cumulative issued share capital	
				USD	No. of ordinary shares
16 June 2021	75,000	Subscription of new shares/USD1.00 each	Cash	75,000	75,000

None of ordinary shares in BW Perkasa UAE as tabulated above were issued at a discount, on special terms or instalment payment terms. As at the LPD, BW Perkasa UAE does not have any warrant, option or convertible securities in issue or any uncalled capital in respect of the ordinary shares of BW Perkasa UAE.

(iii) Directors and substantial shareholders

As at the LPD, the Directors of BW Perkasa UAE are Liew Meng Hooi and Wang Boon Phoey.

As at the LPD, BW Perkasa UAE is a wholly-owned subsidiary of BW Engineering. Upon completion of the Pre-Listing Exercise, BW Perkasa UAE becomes an indirect wholly-owned subsidiary of our Company.

(iv) Subsidiary and associated companies

As at the LPD, BW Perkasa UAE does not have any subsidiary and associated companies.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)**6.4 PRE-LISTING EXERCISE**

In conjunction with and as an integral part of our Listing, we undertook the Pre-Listing Exercise as follows: -

6.4.1 Acquisition of BW Engineering

On 9 December 2022, we have entered into a SSA with Yeoh Chee Min and Liew Meng Hooi to acquire the entire equity interest in BW Engineering comprising 800,000 ordinary shares in BW Engineering for a purchase consideration of RM3,455,000 to be satisfied through the issuance of 34,550,000 new Shares at an issue price of RM0.10 each. The purchase consideration was determined by reference to the audited consolidated NA of the company and its subsidiary (namely, BW Perkasa UAE) as at 31 December 2021.

The shareholdings of Yeoh Chee Min and Liew Meng Hooi in BW Engineering is as follows: -

Name	Shareholdings in BW Engineering		Purchase consideration		
	No. of shares	%	No. of Shares	%	RM
Yeoh Chee Min	408,000	51.00	17,620,500	51.00	1,762,050
Liew Meng Hooi	392,000	49.00	16,929,500	49.00	1,692,950
Total	800,000	100.00	34,550,000	100.00	3,455,000

The acquisition of BW Engineering was completed on [●].

6.4.2 Acquisition of BW Perkasa Labuan

On 9 December 2022, we have entered into a SSA with Yeoh Chee Min and Liew Meng Hooi to acquire the entire equity interest in BW Perkasa Labuan comprising 10,000 ordinary shares in BW Perkasa Labuan for a purchase consideration of RM6,592,000 to be satisfied through the issuance of 65,920,000 new Shares at an issue price of RM0.10 each. The purchase consideration was determined by reference to the audited NA of the company as at 31 December 2021.

The shareholdings of Yeoh Chee Min and Liew Meng Hooi in BW Perkasa Labuan is as follows: -

Name	Shareholdings in BW Perkasa Labuan		Purchase consideration		
	No. of shares	%	No. of Shares	%	RM
Yeoh Chee Min	5,100	51.00	33,619,200	51.00	3,361,920
Liew Meng Hooi	4,900	49.00	32,300,800	49.00	3,230,080
Total	10,000	100.00	65,920,000	100.00	6,592,000

The acquisition of BW Perkasa Labuan was completed on [●].

6. GENERAL INFORMATION ON OUR GROUP (cont'd)**6.4.3 Acquisition of EP Machinery**

On 9 December 2022, we have entered into a SSA with Yeoh Chee Min and Ooi Kim Kew to acquire the entire equity interest in EP Machinery comprising 2,165,000 ordinary shares in EP Machinery for a purchase consideration of RM15,468,000 to be satisfied through the issuance of 154,680,000 new Shares at an issue price of RM0.10 each. The purchase consideration was determined by reference to the audited NA of the company as at 31 December 2021.

The shareholdings of Yeoh Chee Min and Ooi Kim Kew in EP Machinery is as follows: -

Name	Shareholdings in EP Machinery		Purchase consideration		
	No. of shares	%	No. of Shares	%	RM
Yeoh Chee Min	1,515,500	70.00	108,276,000	70.00	10,827,600
Ooi Kim Kew	649,500	30.00	46,404,000	30.00	4,640,400
Total	2,165,000	100.00	154,680,000	100.00	15,468,000

The acquisition of EP Machinery was completed on [●].

6.4.4 Acquisition of EP Machinery KL

On 9 December 2022, we have entered into a SSA with Yeoh Chee Min and Teoh Joo Han to acquire the entire equity interest in EP Machinery KL comprising 583,000 ordinary shares in EP Machinery KL for a purchase consideration of RM2,129,000 to be satisfied through the issuance of 21,290,000 new Shares at an issue price of RM0.10 each. The purchase consideration was determined by reference to the audited NA of the company as at 31 December 2021.

The shareholdings of Yeoh Chee Min and Teoh Joo Han in EP Machinery KL is as follows: -

Name	Shareholdings in EP Machinery KL		Purchase consideration		
	No. of shares	%	No. of Shares	%	RM
Yeoh Chee Min	297,330	51.00	10,857,900	51.00	1,085,790
Teoh Joo Han	285,670	49.00	10,432,100	49.00	1,043,210
Total	583,000	100.00	21,290,000	100.00	2,129,000

The acquisition of EP Machinery KL was completed on [●].

6.4.5 Acquisition of EP Manufacturing

On 9 December 2022, we have entered into a SSA with Yeoh Chee Min and Ooi Kim Kew to acquire the entire equity interest in EP Manufacturing comprising 1,963,000 ordinary shares in EP Manufacturing for a purchase consideration of RM2,399,000 to be satisfied through the issuance of 23,990,000 new Shares at an issue price of RM0.10 each. The purchase consideration was determined by reference to the audited NA of the company as at 31 December 2021.

6. GENERAL INFORMATION ON OUR GROUP (cont'd)

The shareholdings of Yeoh Chee Min and Ooi Kim Kew in EP Manufacturing is as follows: -

Name	Shareholdings in EP Manufacturing		Purchase consideration		
	No. of shares	%	No. of Shares	%	RM
Yeoh Chee Min	1,197,430	61.00	14,633,900	61.00	1,463,390
Ooi Kim Kew	765,570	39.00	9,356,100	39.00	935,610
Total	1,963,000	100.00	23,990,000	100.00	2,399,000

The acquisition of EP Manufacturing was completed on [●].

6.5 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below, we did not incur any other material capital expenditure and divestitures for the Financial Years Under Review and as at the LPD: -

Description	Value (at cost)			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	As at the LPD RM'000
<u>Material Investments</u>				
Plant and machinery	1,386	-	127	70
Office equipment	164	153	368	130
Motor vehicles	146	386	1,123	-
Renovation	318	-	109	50
Total	2,014	539	1,727	250
Description	Value (at original cost) ⁽¹⁾			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	As at the LPD RM'000
<u>Material Divestments</u>				
Plant and machinery	-	584	89	-
Office equipment	3	408	8	3
Furniture and fittings	1	306	-	-
Motor vehicles	106	237	70	137
Renovation	-	298	5	-
Total	110	1,833	172	140

Note: -

(1) The original cost values were being disclosed to give a more meaningful information on the divestitures made by our Group, after taking into consideration that the carrying values and disposal values of these assets were immaterial.

The above capital expenditures are for our operations and were financed by internally-generated funds and external borrowings.

Our capital expenditures during the Financial Years Under Review and as at the LPD were mainly incurred for plant and machinery, office equipment, motor vehicles and renovation.

6. GENERAL INFORMATION ON OUR GROUP (*cont'd*)

6.6 MATERIAL CONTRACTS

Save for the material contracts disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Group for the Financial Years Under Review and up to the date of this Prospectus: -

- (i) Solar Power Purchase Agreement dated 2 June 2021 entered into between Yongyang Sdn. Bhd. as supplier and EP Machinery as consumer for the supply and purchase of solar energy generated by the solar photovoltaic (PV) system for a term of eighteen (18) years from the date of the agreement at RM0.30 per kilowatt, the payment of which shall be made by the consumer to the supplier within thirty (30) days from the date of billing invoice which shall be determined by the solar energy meter;
- (ii) SSA dated 9 December 2022 entered into between EPB as purchaser, and Yeoh Chee Min and Liew Meng Hooi as sellers for the acquisition of entire equity interest in BW Engineering comprising 800,000 ordinary shares in BW Engineering for a purchase consideration of RM3,455,000.00 to be satisfied through the issuance of 34,550,000 new shares at an issue price of RM0.10 each. The acquisition of BW Engineering was completed on [●];
- (iii) SSA dated 9 December 2022 entered into between EPB as purchaser, and Yeoh Chee Min and Liew Meng Hooi as sellers for the acquisition of entire equity interest in BW Perkasa Labuan comprising 10,000 ordinary shares in BW Perkasa Labuan for a purchase consideration of RM6,592,000.00 to be satisfied through the issuance of 65,920,000 new shares at an issue price of RM0.10 each. The acquisition of BW Perkasa Labuan was completed on [●];
- (iv) SSA dated 9 December 2022 entered into between EPB as purchaser, and Yeoh Chee Min and Ooi Kim Kew as sellers for the acquisition of entire equity interest in EP Machinery comprising 2,165,000 ordinary shares in EP Machinery for a purchase consideration of RM15,468,000.00 to be satisfied through the issuance of 154,680,000 new shares at an issue price of RM0.10 each. The acquisition of EP Machinery was completed on [●];
- (v) SSA dated 9 December 2022 entered into between EPB as purchaser, and Yeoh Chee Min and Teoh Joo Han as sellers for the acquisition of entire equity interest in EP Machinery KL comprising 583,000 ordinary shares in EP Machinery KL for a purchase consideration of RM2,129,000.00 to be satisfied through the issuance of 21,290,000 new shares at an issue price of RM0.10 each. The acquisition of EP Machinery KL was completed on [●];
- (vi) SSA dated 9 December 2022 entered into between EPB as purchaser, and Yeoh Chee Min and Ooi Kim Kew as sellers for the acquisition of entire equity interest in EP Manufacturing comprising 1,963,000 ordinary shares in EP Manufacturing for a purchase consideration of RM2,399,000.00 to be satisfied through the issuance of 23,990,000 new shares at an issue price of RM0.10 each. The acquisition of EP Manufacturing was completed on [●];
- (vii) [Underwriting Agreement]. Further details of the underwriting commission and the salient terms of the Underwriting Agreement are set out in Sections 4.9.3 and 4.10 of this Prospectus;
- (viii) Letter of appointment dated 20 July 2022 in relation to the appointment of Malacca Securities as the Principal Adviser, Underwriter, Placement Agent and Sponsor to EPB Group Berhad for the IPO;
- (ix) Letter of appointment dated 21 May 2021 in relation to the appointment of WYNCORP Advisory Sdn. Bhd. as the corporate finance adviser for the IPO; and

6. GENERAL INFORMATION ON OUR GROUP (cont'd)

- (x) Statement of Work for Epicor Implementation of EPB Group dated 31 July 2023 entered into between EPB Group and Stellar Dynamic Solutions Sdn. Bhd. as service provider for professional services in implementing the Epicor Kinetic and/or enterprise resource planning (ERP) solution for the total consideration of RM891,541.50, which will be financed by internally-generated funds. This Statement of Work for Epicor Implementation of EPB Group replaces the original quotation amounting to RM418,902.29 dated 28 December 2022 issued by Stellar Dynamic Solutions Sdn. Bhd. and signed by our Company on 29 December 2022, due to the additional scope of work and professional services required by our Group.

6.7 PUBLIC TAKE-OVERS

Since our incorporation and 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.

6.8 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFITS

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are not taxable. There is no withholding tax in respect of the dividend/profits of all entities in the Group.

Other than our Malaysian operations, our Group only has one (1) foreign subsidiary, namely BW Perkasa UAE which operates in United Arab Emirates. The repatriation of capital and remittance of profits to our Group under the relevant laws in United Arab Emirates are as follows: -

- (i) Repatriation of capital from United Arab Emirates

As at the LPD, there are no restrictions on the capital repatriation from United Arab Emirates.

- (ii) Remittance of profits from United Arab Emirates

As at the LPD, there are no restrictions on remittance of profits from United Arab Emirates. However, pursuant to the amendment of paragraph 28 of Schedule 6, Income Tax Act 1967, the dividend received from BW Perkasa UAE is subject to the prevailing income tax rate (i.e. 24% as at the LPD).

7. BUSINESS OVERVIEW

7.1 OUR HISTORY

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

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

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

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

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

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

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

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

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

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

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

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

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

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

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

Notes: -

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

A summary of our history is as follows: -

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

7. BUSINESS OVERVIEW (cont'd)

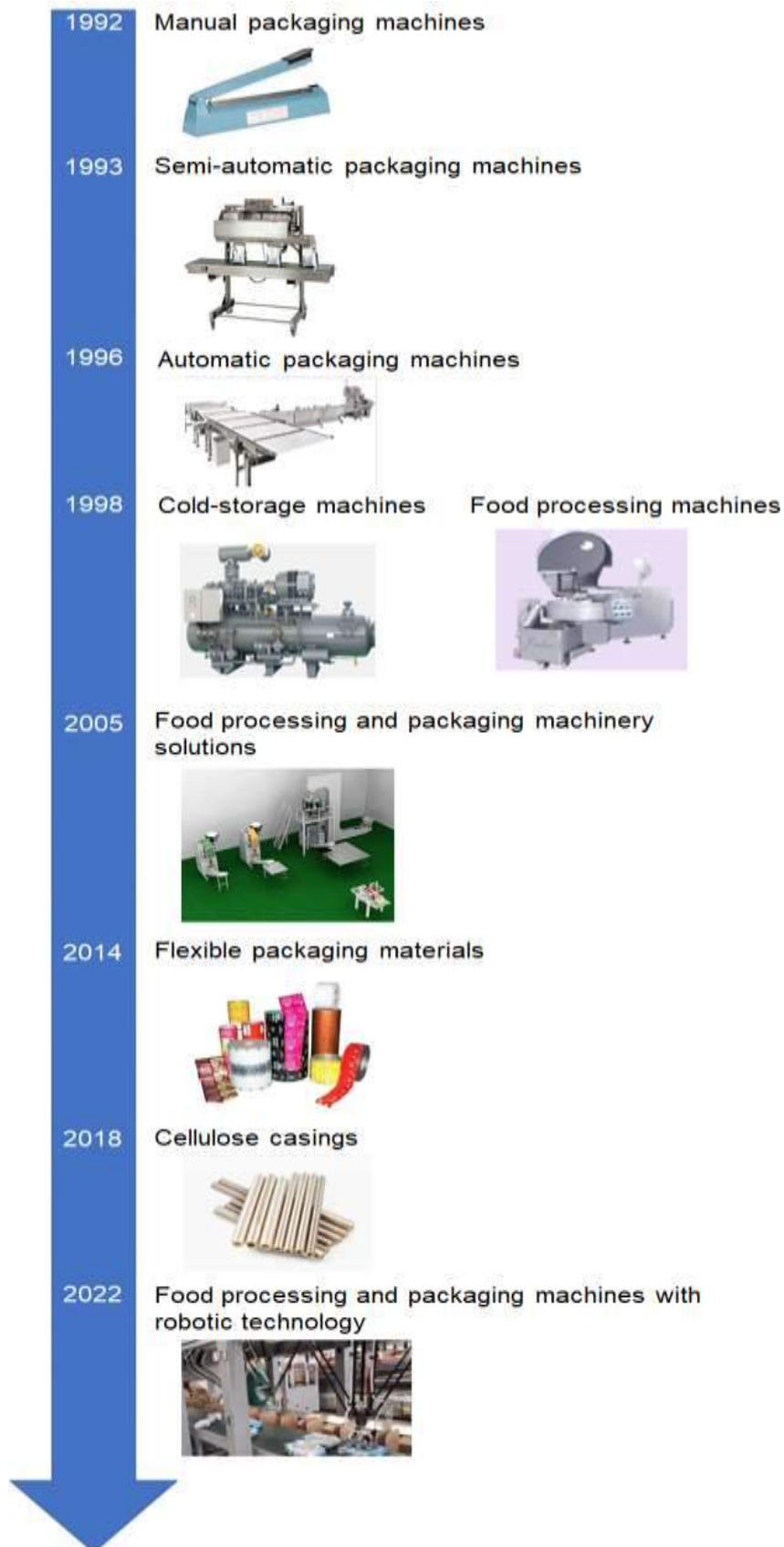
2014	<ul style="list-style-type: none"> ○ Expanded our business activities into the business of supplying flexible packaging materials namely packaging films and packaging bags.
2017	<ul style="list-style-type: none"> ○ Commenced in-house manufacturing of flexible packaging materials.
2018	<ul style="list-style-type: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

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

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7. BUSINESS OVERVIEW (cont'd)

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



7. BUSINESS OVERVIEW (cont'd)

7.2 DESCRIPTION OF OUR BUSINESS

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

Our Group is principally involved in: -

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

Our business model can be illustrated as follows: -

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

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

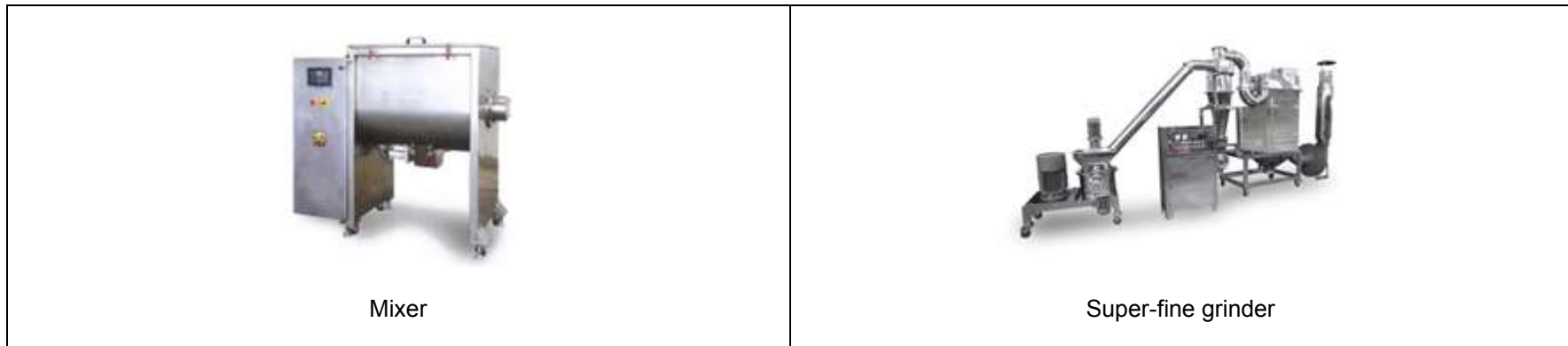
7. BUSINESS OVERVIEW (cont'd)

7.2.1 Food processing and packaging machinery solutions

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

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

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



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

7. BUSINESS OVERVIEW (cont'd)

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



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

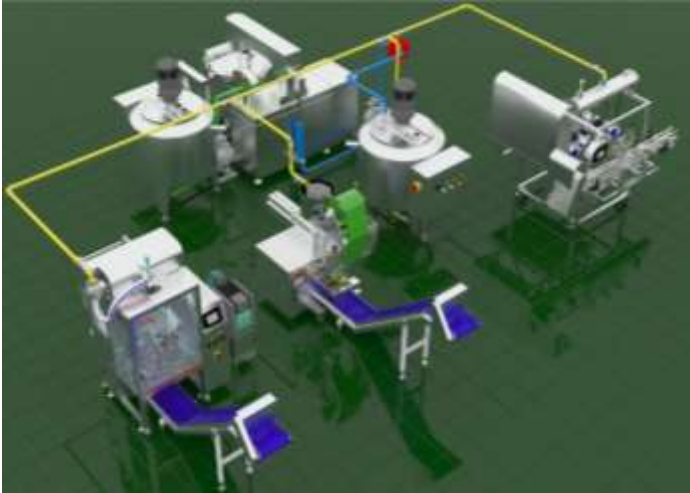

As part of our turnkey solutions, we provide computer-aided design (“**CAD**”) of the production layout, maximising available space for machinery as required by our customers. The resulting CAD can also be converted into a three (3)-dimensional model for customer viewing. We provide our customers with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

7. BUSINESS OVERVIEW (cont'd)



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

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


7. BUSINESS OVERVIEW (cont'd)

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


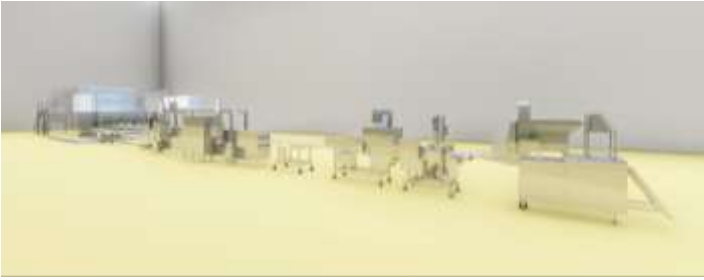
7. BUSINESS OVERVIEW (cont'd)

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

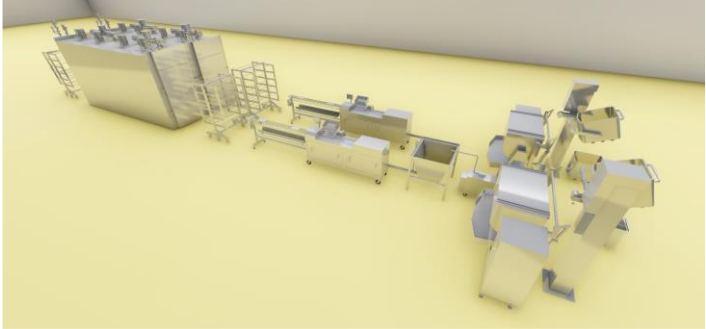

7. BUSINESS OVERVIEW (cont'd)

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



7. BUSINESS OVERVIEW (cont'd)

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


7. BUSINESS OVERVIEW (cont'd)

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

7. BUSINESS OVERVIEW (cont'd)

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

7. BUSINESS OVERVIEW (cont'd)

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




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

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7. BUSINESS OVERVIEW (cont'd)

7.2.2 Trading of cellulose casings

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

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

7. BUSINESS OVERVIEW (cont'd)


7.2.3 Manufacturing and trading of flexible packaging materials

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

7.3 PRINCIPAL MARKETS

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

7.4 REVENUE CONTRIBUTION BY BUSINESS SEGMENTS

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

Note: -

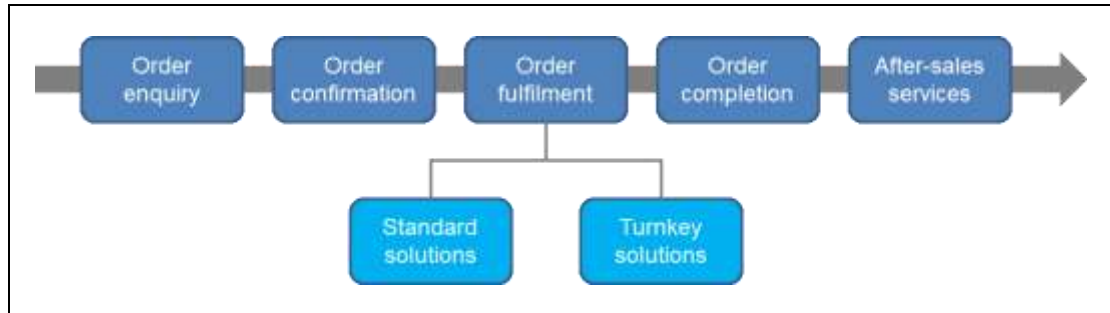
(1) Others consist of Australia, Bahrain, Brunei, Canada, Chile, China, Egypt, France, Germany, India, Italy, Kenya, Laos, Liberia, Malawi, Maldives, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Pakistan, Papua New Guinea, Qatar, Saudi Arabia, Singapore, Slovakia, South Africa, Sri Lanka, Sweden,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

7. BUSINESS OVERVIEW (cont'd)

7.5 BUSINESS PROCESSES

7.5.1 Provision of food processing and packaging machinery solutions

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



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

Stage 1: Order enquiry

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

Stage 2: Order confirmation

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

Stage 3: Order fulfilment

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

(i) Standard solutions

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

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

(ii) Turnkey solutions

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

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

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

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

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

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

Stage 4: Order completion

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

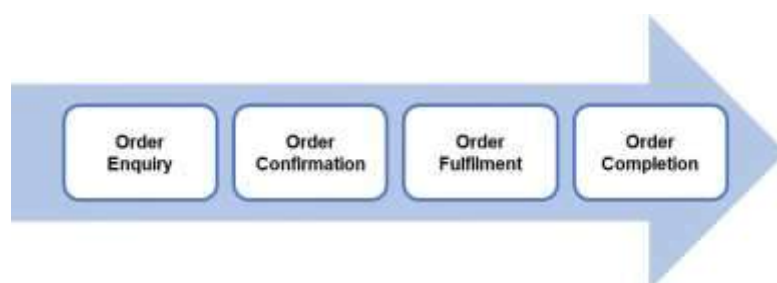
7. BUSINESS OVERVIEW (cont'd)

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

Stage 5: After sales services

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

7.5.2 Trading of cellulose casings



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

Stage 1: Order enquiry

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

Stage 2: Order confirmation

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

Stage 3: Order fulfilment

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

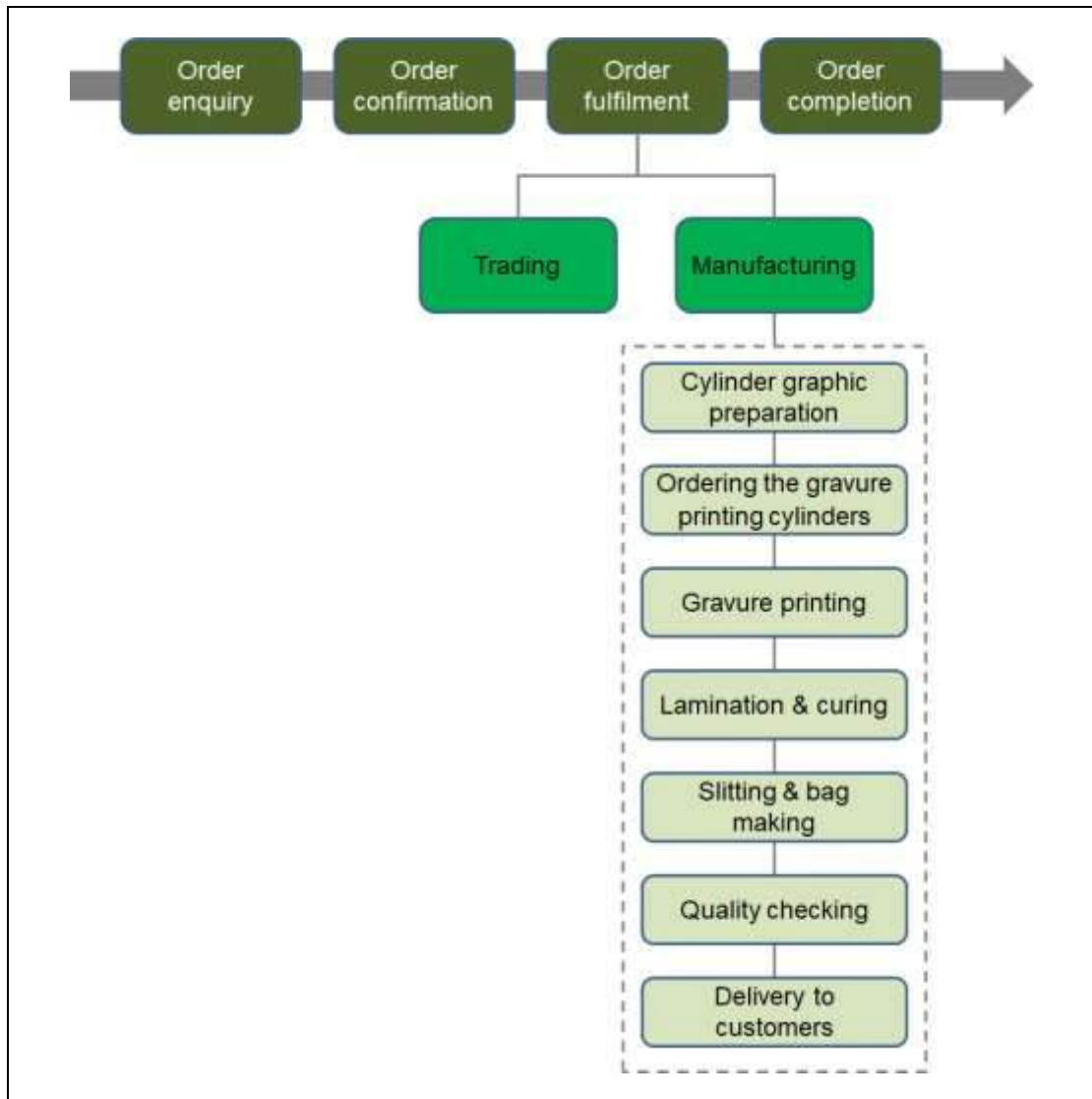
Stage 4: Order completion

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

7. BUSINESS OVERVIEW (cont'd)

7.5.3 Manufacturing and trading of flexible packaging materials

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



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

7. BUSINESS OVERVIEW (*cont'd*)

Stage 1: Order enquiry

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

Stage 2: Order confirmation

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

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

Stage 3: Order fulfilment

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

(i) Trading

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

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

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

(ii) Manufacturing

(a) Cylinder graphic preparation

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

(b) Ordering the gravure printing cylinders

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

(c) Gravure printing

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

7. BUSINESS OVERVIEW (cont'd)

(d) Lamination & curing

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

(e) Slitting & bag making

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

(f) Quality checking

We will undertake quality checks on the final goods.

(g) Delivery to customers

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

Stage 4: Order completion

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

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

7.6 SALES AND MARKETING STRATEGIES

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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



Manufacturing Surabaya (2016)



Interpack Dusseldorf (2017)



Malaysia International Machinery Fair (2022)



Malaysia International Machinery Fair (2023)

7. BUSINESS OVERVIEW (cont'd)

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

(ii) Utilisation of online marketing platforms

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

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7. BUSINESS OVERVIEW (cont'd)

7.7 MAJOR LICENCES AND PERMITS

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

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

7. BUSINESS OVERVIEW (cont'd)

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

7. BUSINESS OVERVIEW (cont'd)

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

7. BUSINESS OVERVIEW (cont'd)

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

7. BUSINESS OVERVIEW (cont'd)

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

7. BUSINESS OVERVIEW (cont'd)

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

7. BUSINESS OVERVIEW (cont'd)

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

7. BUSINESS OVERVIEW (cont'd)

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

7. BUSINESS OVERVIEW (cont'd)

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

7. BUSINESS OVERVIEW (cont'd)

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

7. BUSINESS OVERVIEW (cont'd)

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



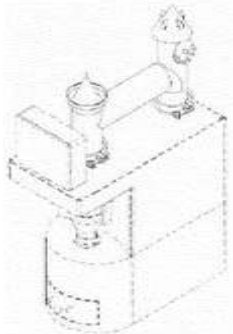
Notes: -

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


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7. BUSINESS OVERVIEW (cont'd)

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

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

7. BUSINESS OVERVIEW (cont'd)

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

Notes: -

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

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

7. BUSINESS OVERVIEW (cont'd)

7.9 DEPENDENCY ON CONTRACTS, ARRANGEMENTS, LICENCES AND PATENTS

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

7.10 PROPERTY, PLANT AND EQUIPMENT

7.10.1 Properties owned by our Group

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

7. BUSINESS OVERVIEW (cont'd)

7.10.2 Properties rented by our Group

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

7. BUSINESS OVERVIEW (cont'd)

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

Notes: -

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

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

7.10.3 Material plant and equipment

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

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

Notes: -

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

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

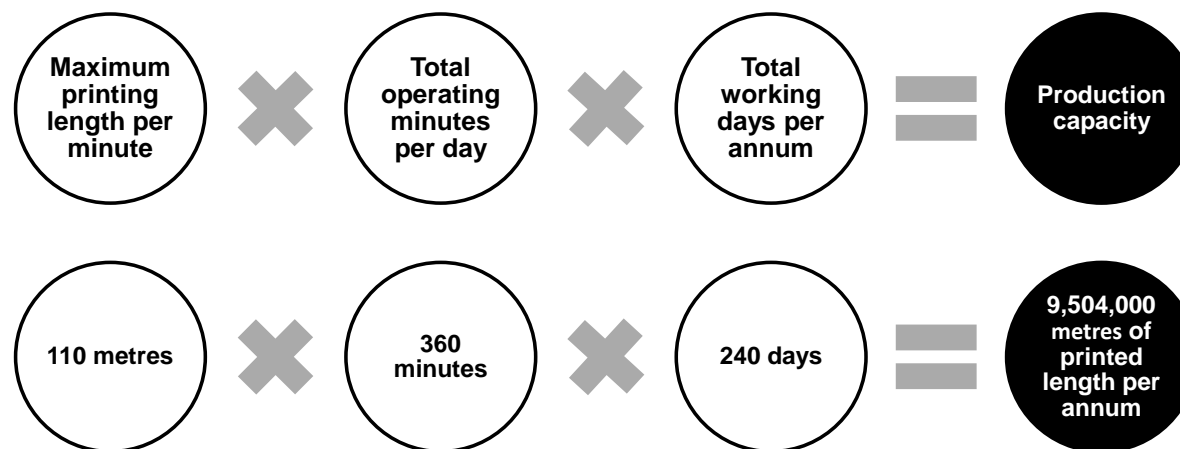
Our policy is to use our machinery and equipment for at least the duration of their estimated useful life. Thereafter, we would consider the ongoing cost of repair and maintenance relative to the costs and benefits of the new machinery and equipment.

7. BUSINESS OVERVIEW (cont'd)

7.10.4 Operating capacities and utilisation rate

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

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



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

7. BUSINESS OVERVIEW (cont'd)

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

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

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

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

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

(ii) Manpower and machinery capacity and capability

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

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7. BUSINESS OVERVIEW (cont'd)

7.10.5 Regulatory requirements and environmental issue

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

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

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

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

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

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

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

(ii) Environmental Quality Act 1974

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

(iii) Factories and Machinery Act 1967

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

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

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

(iv) Local Government Act 1976

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

The LGA empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefore. Pursuant to LGA, a person who fails to exhibit or produce his licence on the licensed premises shall be liable to a fine not exceeding RM500.00 or to imprisonment for a term not exceeding 6 months or to both.

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

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

(v) Occupational Safety and Health Act 1994

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

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

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

7. BUSINESS OVERVIEW (cont'd)

(vi) Sales Tax Act 2018

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

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

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

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

(vii) Street, Drainage and Building Act 1974

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

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

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

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

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

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

- (a) BW Engineering

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

7. BUSINESS OVERVIEW (cont'd)

(b) EP Machinery

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

7.10.6 Environmental, social and governance practice

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

(i) Environmental

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

(ii) Social

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

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

(iii) Governance

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

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

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

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

7.11 TECHNOLOGIES USED

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

7.12 SEASONALITY AND CYCLICALITY

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

7.13 INTERRUPTIONS TO BUSINESS AND OPERATIONS

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

7.13.1 Impact of the COVID-19 Pandemic on Our Group

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

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

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

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

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

Note: -

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

7. BUSINESS OVERVIEW (cont'd)

7.14 RESEARCH AND DEVELOPMENT

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

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

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

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

7.15 EMPLOYEES

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

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

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

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

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

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

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

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

7.16 MAJOR CUSTOMERS

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

FYE 2020

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

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

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

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

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

Notes: -

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

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

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

7.17 MAJOR SUPPLIERS

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

FYE 2020

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

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

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

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

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

Notes: -

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

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

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

7.18 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

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

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

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

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

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

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

7.19 COMPETITIVE STRENGTHS

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

7.19.1 Established Operating Track Record

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

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

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

7.19.3 Close Collaboration with Our Customers in Product Development

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

7.19.4 Qualified and Experienced Management Team

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

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

7.19.5 We are Committed to Stringent Quality Standard

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

7.20 BUSINESS STRATEGIES AND FUTURE PLANS

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

7.20.1 Expanding Business Footprint in Penang

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

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

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

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

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

7.20.2 Increasing Robotic Footprint in Food Processing and Packaging Machinery Solutions

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

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

7. BUSINESS OVERVIEW (cont'd)

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

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

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

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

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8. INDEPENDENT MARKET RESEARCH REPORT

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Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

15 SEP 2023

The Board of Directors
EPB Group Berhad
PMT 1186, Jalan Perindustrian Bukit Minyak 18,
Penang Science Park,
14100 Simpang Ampat,
Pulau Pinang.

Dear Sirs/Madams,

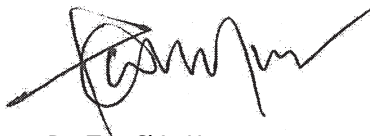
Independent Market Research Report on the Food and Beverage ("F&B") Processing Machinery Industry in Malaysia ("IMR Report")

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this IMR Report for inclusion into the prospectus of EPB Group Berhad ("**EPB**" or the "**Company**") in relation to its listing on the ACE Market of Bursa Malaysia Securities Berhad.

We have been engaged to provide an independent market research of the abovementioned industry in which EPB and its subsidiaries ("**EPB Group**" or the "**Group**") operate in. The market research process undertaken involved secondary research as well as detailed primary research when required, which involves interviews with the relevant stakeholders of the industry to discuss the state of the industry. Quantitative market information could be sourced from such interviews and therefore, the information is subject to fluctuations due to changes in business, industry and economic conditions.

We have prepared this IMR Report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present an overall view of the industry and may not necessarily reflect the performance of individual companies in this industry. Protégé Associates is not responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

Thank you.
Yours sincerely,



Dr. Tan Chin How
Director

About Protégé Associates Sdn Bhd

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Profile of signing partner, Dr. Tan Chin How

Dr. Tan Chin How is a Director of Protégé Associates. He has 20 years of experience in consulting and market research for various industries, including among others manufacturing, construction, information and digital technology, renewable energy, oil and gas, and aquaculture. He holds a Doctor of Business Administration from HELP University, Malaysia, a Master of Business Administration from Charles Sturt University, Australia, and a Bachelor of Science in Computing from University of Portsmouth, United Kingdom.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



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The research for this IMR Report was completed in September 2023.

For further information, please contact:

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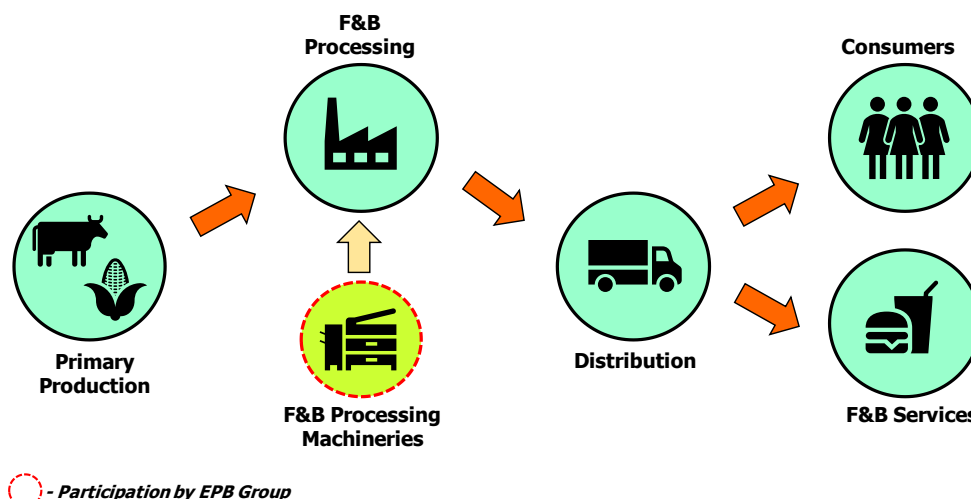
8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



1.0 Overview of the F&B Industry in Malaysia

The F&B industry value chain and EPB Group’s participation is as illustrated in Figure 1 below:

Figure 1: F&B Industry Value Chain



Source: Protégé Associates

The F&B industry in Malaysia can be segmented into the F&B services industry and the F&B processing industry (also known as the F&B manufacturing industry). The F&B services industry mainly revolves around the provision of food services to consumers, whether in the form of dine-in services, self-services, takeout services or delivery services. In other words, it is the business of preparing, transporting and serving food or meals at restaurants or food stores. Meanwhile, the F&B processing industry in Malaysia involves the transformation of F&B raw materials into edible products.

The local F&B industry emerged from 2022 on a strong footing. In 2022, the real gross domestic product (“GDP”) contribution from F&B services activities increased by 21.4% to RM35.02 billion (2021: RM28.84 billion) while those of food processing and beverage manufacturing activities increased by 8.9% to RM27.13 billion (2021: RM24.91 billion). The local F&B industry was boosted by a double-digit growth performance in the F&B services subsector in tandem with the removal of more lockdown measures and higher economic activities as Malaysia entered the ‘Transition to Endemic’ phase on 1 April 2022. The expansion in the local F&B industry was also attributed to sustained growth registered in the food processing and beverage manufacturing subsectors.

2.0 Overview of the F&B Processing Machinery Industry

F&B Processing

F&B processing activities in Malaysia have remained vibrant with stringent standard operating procedures becoming a norm post COVID-19 pandemic for local F&B processors. At the same time, the advancement in processing technology has widened the usage of local raw materials, and has expanded the range of food products manufactured in the country. This is seen by the increasing value of processed food products in Malaysia. Malaysia’s sales value of F&B products increased 12.8% from RM280.98 billion in 2021 to RM316.81 billion in 2022.

F&B processing involves both the preparation of fresh foods for markets as well as the production of prepared food products. As such, F&B processors consist of a diverse range of companies processing products at various stages, including meat slaughtering and processing; fruit and vegetable preserving; grain and oilseed milling; seafood product preparation, sugar and confectionery, bakery, dairy and other food products manufacturing. In general, food processing can be classified into three types, namely primary, secondary and tertiary food processing.

Primary food processing involves the conversion of agricultural products, such as raw wheat kernels or livestock, into products that can be eventually eaten. This category includes processes such as drying, milling grain, shelling nuts and butchering animals for milk. It also includes deboning and cutting meat, freezing and smoking fish and meat, extracting and filtering oil, canning food, preserving food as well as homogenising and pasteurising milk.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



Secondary food processing is the process of creating food from ingredients that are ready to use. Some examples of secondary food processing are baking of bread, where milled flour and pasteurised milk are used, as well as the making of sausages or other meat products, which involves the grinding of meat that has already undergone primary processing.

Tertiary food processing is the commercial production of high value-added F&B products, such as bakery products, ready-to-eat or heat-and-serve foods, as well as health drinks.

In addition, F&B processing also involves the **packaging of F&B products**. Processed F&B products need to be packaged in order to store, transport and market the final end products to consumers. In general, F&B packaging plays four main roles namely product protection, product safety, product freshness and brand identity.

The main role of **product protection** is to maintain the safety of food during transportation, handling and distribution. In addition, food packaging can also help retain food nutrition, and provide rapid and reliable distribution of the food along the value chain and reduce post-harvest losses.

F&B packaging also helps to ensure **product safety** and aims to eliminate or reduce food recalls and hazards, as well as facilitate traceability. Product contamination can occur at any one point in time in the supply chain. In addition, to protect consumers, certain information must be included on the F&B packaging, including the list of ingredients as well as the manufacturing and expiry dates.

F&B packaging can help to increase **product freshness** and maintain the appearance, taste, quality and shelf life of the F&B products. The advancement in packaging technology has led to F&B processors being able to extend a product's shelf life and have a better control over product freshness.

Lastly, F&B packaging can be used to drive the **brand identity** of a product. Packaging has become an essential part of product marketing and allows a manufacturer to communicate product information with consumers. A good package design can serve to attract the attention of consumers. The size, shape, colour and materials used in a packaging can influence consumer experience, and ultimately help build brand awareness.

F&B Processing Machinery

F&B processing machinery refers to the machinery that is used to handle, prepare, cook, store and package F&B products. While F&B processing machineries are primarily aimed towards the transformation (such as increasing the ease of consumption and digestibility), or preservation (such as extending the shelf life) of F&B products, they are also used to perform other preliminary or auxiliary functions such as handling, preparation and packaging.

The F&B processing production cycle can be divided into several stages; each characterised by a specific function, in which several operations are performed. For example, in the preparation stage, the primary function is to prepare raw materials for further processing, whereby some of the operations performed include washing and separating. The common functions and operations of F&B processing machineries are detailed in Figure 2.

Figure 2: Common Functions and Operations of F&B Processing Machineries

Functions and Operations	Description
Preparation	Involves initial preparatory operations focused on preparing raw food materials for subsequent processes.
- Cleaning	Removing foreign matter and contaminants (such as soil, oil, skins and chemicals) from the surface of raw food materials via wet or dry-cleaning processes.
- Sorting and grading	Assessing and classifying raw food materials based on several measurable physical characteristics (size, shape, weight and colour) to determine overall quality or grade.
- Peeling or skinning	Removing inedible or undesirable materials to increase the overall quality and/or appearance of the raw food product.
Mechanical processing	Involves processing operations (without the application of heat or chemicals) to reduce, enlarge, homogenise or change the physical form of raw food materials.
- Size reduction	Reduces the average size of solid food material through mechanical processes such as compression, shearing or impact force.
- Size enlargement	Increases the average size of solid food material through mechanical processes such as extrusion, agglomeration or forming.
- Homogenisation	Reduced the average size and increases the consistency of semi-solid and liquid food material.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



Functions and Operations	Description
- Mixing or blending	Combines two or more components into one another to achieve and maintain a uniform mixture.
Heat processing	Depending on whether the application is aimed at heating or cooling the food material, heat transfer machinery is used to direct heat towards or away from the material.
- Baking or roasting	The use of heated air heated by convection, conduction and radiation to heat and produce physical and chemical changes to food materials, such as texture or flavour. Is also used in the preservation of food materials via the removal of microorganism and reducing amount of moisture on food surface.
- Blanching	The use of heated water or steam to reduce the number of microorganisms and inactivate undesirable enzymes which may cause spoilage to food materials.
- Dehydration	The use of heat to remove moisture from food materials with the intention of producing a solid food product with sufficiently low water content.
- Evaporation	The removal of moisture from food materials via boiling to increase the concentration of solid contents.
- Pasteurisation	Heating of food materials under medium temperatures (70-100 degree celsius ("°C")) to inactivate most enzymes and microorganisms which can cause spoilage to food materials.
- Frying	The use of heated fat or oil to apply heat directly to food materials with the intention to reduce moisture content and form a surface crust.
- Sterilisation	Heating of food materials under high temperatures (above 100°C) to inactivate most enzymes and microorganisms which can cause spoilage to food materials.
Preservation	The preservation stage in F&B processing ultimately aims to prevent or inhibit the spoilage and increase the shelf life of food materials and products.
- Chemical	The use of natural (such as salt, vinegar and smoke) and non-natural (such as sorbic acid, sulphur dioxide and benzoic acid) chemical substances to prevent or inhibit spoilage.
- Heat processing	Preserving food materials via the transfer of heat.
- Irradiation	The use of ionizing radiation to remove microorganisms and inactivates enzymes that can cause spoilage to food materials.
- Refrigeration or freezing	Reduces the temperature of food materials to suppress the biochemical and microbiological processes of microorganisms and enzymes that can cause spoilage to food materials.
- Water reduction	Reduces the amount of water content in food materials to inhibit microbiological and enzymatic processes which can cause spoilage to food materials.

Source: Protégé Associates

At the last stage, the food materials are packaged via the packaging operations to produce the final food product and complete the food processing production cycle. F&B packaging machineries are primarily used for labelling, sealing and/or palletising. These machineries are used across the bakery, beverage, meat and fisheries processing and other F&B industries. Industry players operating in this industry are constantly developing new products using advanced technologies to enhance user experience. Figure 5 details the common types of F&B packaging machineries and their description.

Figure 3: Common F&B packaging machineries and their description

Type	Description
Bottling	Fills the right amount of product into a bottle or container
Cartoning	Forms and erects a carton
Case Packing	Build cases and prepare them for filling
Filling and dosing	Measures and fills a predetermined value of the food products into desired packaging
Form fill and seal	Form, fill and seal a package
Labeling, decorating and coding	Apply labels, decorations and bar codes onto finished products
Lidding	Forms and applies lids to product filled trays
Palletising	Stacks cases, bundles of goods or products, etc. onto a pallet
Wrapping and Bundling	Shrink wrapping and bundle packing

Source: Protégé Associates

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



3.0 Performance of the F&B Processing Machinery Industry in Malaysia

The historical performance and growth forecast of the F&B processing machinery industry in Malaysia is based on a combination of resources, including data from the Department of Statistics Malaysia ("DOSM"), the Malaysian Investment Development Authority and Bank Negara Malaysia. Data is also gathered from further secondary and primary research works conducted such as searches on private F&B processing machinery manufacturers and traders with the Companies Commission of Malaysia ("CCM") to gather more disclosure on their business performance. Primary research works are conducted with stakeholders in the local industry such as industry players, suppliers, and customers to gather their insights on the industry. All the findings are collated, analysed and/or computed to ascertain the outlook of the F&B processing machinery industry in Malaysia.

The size of the local F&B processing machinery industry was valued at RM1.68 billion in 2022, which was an increase of 12.8% from the previous year. Growth in the industry is supported by factors including labour shortage issues spurring adoption of industrial automation, a wide range of F&B products requiring processing as well as growing consumer preference for convenient processed food products. In particular, the sales value of F&B products in Malaysia increased from RM280.98 billion in 2021 to RM316.81 billion in 2022. While the sales value of F&B products reached RM139.40 billion in the first half of 2023, which was lower than RM146.59 billion in the previous corresponding period, it is still higher than the RM125.97 billion recorded in the first six months of 2021. At the same time, sales value of plastic articles for the packaging of goods increased from RM48.46 billion in 2021 to RM50.40 billion in 2022. This figure stood at RM10.24 billion in the first half of 2023 (1H 2022: RM10.10 billion). The resilient performance of the local F&B manufacturing industry is expected to bode well for the local F&B processing machinery industry, including for flexible packaging materials which are used across a wide range of F&B products. The size of the industry is expected to register slower single-digit growth in 2023 and 2024. The slower growth in 2023 can be attributed to expected lower demand for F&B products stemming from slower growth in global economic activities coupled with high inflationary environment weakening purchasing power and affecting consumer sentiments. This is expected to lead to a scaling down of expansion plans by F&B companies which in turn, will reduce demand for F&B processing machineries. Nonetheless, the growth in the Malaysian economy is expected to gather pace from 2024 onwards, with world trade likely to improve in tandem with stronger trade activities – providing the impetus for the gradual pick-up in the pace of growth in the local F&B processing machinery industry. The industry is forecast to expand at a compound annual growth rate ("CAGR") of 9.7% from RM1.80 billion in 2023 and reach RM2.66 billion in 2027. Growth in the industry is expected to be driven by favourable demand conditions which include labour shortage spurring the adoption of more industrial automation, a wide range of F&B products requiring processing, the preference for convenient processed food products, positive policy support from the Malaysian Government to develop the local food-related industries and a steady population growth.

Figure 4: Historical Market Size and Growth Forecast for the F&B Processing Machinery Industry in Malaysia, 2020-2027

Year	Market Size (RM billion)	Growth Rate (%)
2020	1.32	-
2021	1.49	12.9
2022	1.68	12.8
2023 ^f	1.80	7.5
2024 ^f	1.97	9.5
2025 ^f	2.17	10.0
2026 ^f	2.40	10.5
2027 ^f	2.66	11.0

CAGR (2023-2027) (base year of 2022): 9.7%

Note: ^f denotes forecast

Source: Protégé Associates

4.0 Competitive Landscape

The participants of the F&B processing machinery industry in Malaysia comprise both F&B processing machinery manufacturers and traders. Local F&B processing machinery manufacturers are companies that manufacture and/or distribute F&B processing machinery or related components. They generally produce their own in-house branded products and sell them to both local and overseas end-users directly or through distributors. In 2023, Protégé Associates estimates there are more than 180 manufacturers of F&B processing machineries in Malaysia based on the latest available economic census published by DOSM. Some of the local manufacturers for F&B processing machinery in Malaysia include EPB, Highpack Machinery Sdn Bhd, Hup Sheng Machinery & Industry Sdn Bhd and Lian Huat Machinery Sdn Bhd.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



As for traders, there are companies that are involved in the trading of F&B processing machineries including importing these machineries and selling them in Malaysia. They generally distribute products from more than one manufacturer and also often distribute a variety of F&B processing machinery instead of only focusing on a single type of machinery. In addition, these traders may also distribute other types of machinery other than those related to F&B processing. Traders typically play a role in connecting manufacturers with end-users, providing maintenance and support services, as well as facilitating sales of equipment. Some of the local traders for F&B processing machinery in Malaysia include GEA Westfalia Separator (Malaysia) Sdn Bhd, Kimah Industrial Supplies (M) Sdn Bhd, MHL Machinery Sdn Bhd and Thermo Cooling Engineering Sdn Bhd.

Within the F&B processing machinery industry in Malaysia, the barriers to entry are considered relatively low for single-purpose or standard machinery. However, they are higher for industry players intending to provide one-stop solutions on a turnkey basis. Potential entrants need to possess stronger financial resources, technical know-how, and make investment into plants, machinery, and human resources. In addition, continuous capital outlay may also be necessary for the adoption of newer technologies or innovations at the production facilities.

4.1 Competitor Analysis

EPB Group is a one-stop provider of food processing and packaging machinery solutions. It is primarily involved in the design, customisation, fabrication, integration and automation of production lines for food manufacturing and processing companies, based on our customers' needs. For the purpose of this report, Protégé Associates has selected the following industry players for comparison with EPB Group based on the following criteria:

- A company registered in Malaysia and is involved in the manufacturing and/or trading of F&B processing machineries; and
- Recorded an annual turnover of less than RM100 million based on latest publicly available financial information.

It needs to be highlighted that the list of industry players is not exhaustive, and only serves as a reference for readers.

Figure 5: Comparison between EPB and Selected Industry Players

Company Name	Principal Activities	Latest Available Financial Year	Revenue (RM)	Gross Profit (RM)	Profit After Tax (RM)	Gross Profit Margin* (%)	Profit After Tax Margin** (%)
EPB^	The company is principally involved in the provision of food processing and packaging machinery solutions, trading of cellulose casings, and manufacturing and trading of flexible packaging materials.	31-12-2022	89,114,000	30,459,000	12,282,000	34.2	13.8
Highpack Machinery Sdn Bhd^	The company is principally involved in the manufacturing and trading of machineries.	31-12-2022	8,408,789	2,657,834	856,441	31.6	10.2
Hup Sheng Machinery & Industry Sdn Bhd^	The company is principally involved in the manufacturing and servicing of plant and machinery in food industry.	31-08-2022	7,440,602	2,266,758	394,828	30.5	5.3
Lian Huat Machinery Sdn Bhd^	The company is principally involved as a manufacturer, importer and dealer in all kinds of machinery including bakery machinery.	30-06-2022	10,329,837	686,518	144,323	6.6	1.4
FL Refrigeration & Engineering	The company is principally involved in the wholesale of fridge machinery and supermarket accessories.	31-12-2022	12,937,605	1,921,024	1,258	14.8	< 0.1

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

Company Name	Principal Activities	Latest Available Financial Year	Revenue (RM)	Gross Profit (RM)	Profit After Tax (RM)	Gross Profit Margin* (%)	Profit After Tax Margin** (%)
Enterprise (M) Sdn Bhd							
GEA Westfalla Separator (Malaysia) Sdn Bhd#	The company is principally involved in sales and servicing of GEA machines and spare parts.	31-12-2022	64,918,016	18,638,158	3,299,683	28.7	5.1
Kimah Industrial Supplies (M) Sdn Bhd	The company is principally involved as a dealer of all kinds of machineries.	30-06-2022	10,206,421	3,895,555	927,324	38.2	9.1
Mayekawa (M) Sdn Bhd	The company is principally involved in the business of dealing with refrigeration equipment and components, construction of cold room and related services.	31-12-2022	28,207,056	6,632,005	1,583,169	23.5	5.6
MHL Machinery Sdn Bhd	The company is principally involved in the trading and servicing of machineries.	31-12-2022	13,391,127	3,544,207	-54,878	26.5	-0.4
NRS Process Systems Sdn Bhd	The company is principally engaged as a fabricator of refrigeration systems, sales of spare parts, providing services for installation and maintenance of refrigeration systems.	31-12-2022	26,496,361	7,315,047	2,469,869	27.6	9.3
Thermo Cooling Engineering Sdn Bhd	The company is principally involved as dealers of air conditioners, refrigerators and cold rooms.	31-05-2023	8,067,804	5,940	-2,767,819	0.1	-34.3
United Refrigeration System (M) Sdn Bhd	The company is principally involved in the trading of refrigeration parts.	31-12-2022	72,840,352	n/a	5,638,980	n/a	7.7

Notes:

1. The above figures only provide an indication and is not considered directly comparable due to the following reasons:
 - a. Not all companies have the same financial year end; and
 - b. Not all companies carry out activities that are completely the same with one another or in the same geographical area.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

2. Financial information of comparable market players and EPB Group such as revenue, gross profit and profit/loss after tax was based on information from the CCM and EPB Group while the financial ratios in the table were computed by Protégé Associates.
* Gross Profit Margin = Gross Profit / Revenue
** Profit after Tax Margin = Profit after Tax / Revenue
3. ^ Local manufacturers who are able to provide one stop food processing and packaging machinery solutions.
4. # GEA Westfalia Separator (Malaysia) Sdn Bhd is a wholly-owned subsidiary of GEA Westfalia Separator (SEA) Pte. Ltd., a company incorporated in Singapore. The penultimate and ultimate holding companies are GEA Westfalia Separator GmbH and GEA Group AG respectively, both incorporated in Germany. GEA Group AG is currently listed on the Frankfurt Stock Exchange in Germany.
5. n/a denotes that information is not available from CCM

Sources: CCM, EPB Group and Protégé Associates

4.2 EPBG's Market Share Analysis

For the FYE 31 December 2022, EPB Group generated revenue of RM72.57 million from its food processing and packaging machinery solutions business segment, which was equivalent to 4.3% share of the RM1.68 billion market size of the Malaysian F&B processing machinery industry in 2022.

5.0 Demand and Supply Conditions**Figure 6: Demand and Supply Conditions Affecting the F&B Processing Machinery Industry in Malaysia, 2023-2027**

Impact	Conditions	Short-Term	Medium-Term	Long-Term
		2023-2024	2025-2026	2027
Demand				
+	Labour Shortage Spurs Adoption of More Industrial Automation	High	High	High
+	A Wide Range of F&B Products Requiring Processing	High	High	High
+	Preference for Convenient Processed Food Products	Medium	Medium	Medium
+	Positive Policy Support from the Malaysian Government to Develop the Local Food-Related Industries	Medium	Medium	Medium
+	Steady Population Growth	Medium	Medium	Medium
-	High Inflationary Pressure Weakening Purchasing Power and Affecting Consumer Sentiment	High	Medium	Medium
Supply				
+	Technological Advancement	Medium	Medium	Medium

Source: Protégé Associates

Labour Shortage Spurs Adoption of More Industrial Automation

As with most manufacturing industries, the Malaysian F&B processing industry is labour intensive. With the country facing labour shortages due to poor participation from Malaysians, the F&B processing industry is heavily reliant on foreign workers for its manufacturing activities. It does not help that policies on foreign workers have been constantly under close scrutiny and are vulnerable to frequent changes particularly on levy rates and number of foreign workers allowed to work in Malaysia.

To combat this issue, the Malaysian Government has been encouraging industry players to increase the level of automation in their operations. This includes the use of F&B processing machineries which can be incorporated into a manufacturer's integrated operations, or in the case of smaller operations, can serve to increase productivity through the use of machinery instead of manual labour. Technological advances have also seen robotics increasingly being incorporated into F&B processing machineries to further reduce

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



the need for manual labour. This development bodes well for the development of the local F&B processing machinery industry.

A Wide Range of F&B Products Requiring Processing

The F&B products segment in Malaysia is innovative in meeting the demand of its customers by developing various types of products to cater for consumers of varying age and income categories. Manufacturers of F&B products tend to produce a variety of products in different forms and packaging to be able to target a larger pool of consumers from varying age and income brackets.

Consumers generally are more inclined to choose products in accordance to their affordability and convenience. For examples, some consumers may choose meat that has been cut into convenient sizes while others may choose other processed meat products such as nuggets or sausages. A consumer with a busy lifestyle may prefer ready-to-eat food products while another may opt to buy fresher ingredient to cook. In addition, a consumer may choose biscuits with a larger serving packaging while another consumer may opt to choose for individual serving packaging that is more convenient to consume away from home. At the same time, a same brand of cheese may come in single slice packaging to cater for adults as well as in stick or small cube-form to cater for kids.

Manufacturers are also constantly adapting their products to include new flavours and other ingredients, as driven by the latest local and international trends. The ability of the local F&B processing machinery industry to meet and cope with the ever-changing demands of its consumers has supported industry growth.

Preference for Convenient Processed Food Products

Rapid urbanisation in Malaysia has led to a change in the population's lifestyle; more women have joined the workforce and people are working longer hours. With lesser time to prepare for a meal, convenience has become an important consideration when choosing the type of products to consume. This has led to increased consumption of conveniently processed food products such as ready-to-eat meals and packed food products, or food products that have been processed into forms that are easier to cook or prepare.

There is an increasing amount of food products in Malaysia that are packaged in forms that are convenient for their consumers to consume or prepare. These include re-sealable, single-serve and lightweight packages that suit the modern 'grab-and-go' lifestyle, as well as "instant" food products that generally only require very simple steps to cook, such as instant cake or cookie mixtures or other instant dishes, whereby the consumers only need to add water or other liquid substance to bake or cook. The increase in demand for these types of food products is expected to lead to higher needs for various types of food processing as well as packaging leading to higher demand for F&B processing machinery.

Positive Policy Support from the Malaysian Government to Develop the Local Food-Related Industries

In the past, the local food processing industry was earmarked for further development under the Third Industrial Master Plan with focus on major areas such as the supply of raw materials, incentives for the food processing companies, training and skills development, market development and financial assistance. Food-related industries have continued to receive positive policy support from the Malaysian Government. The recent National Agrofood Policy 2.0 (the successor of the National Agrofood Policy 1.0) (2021-2030) rolled out by the Ministry of Agriculture and Food Industries has highlighted the strategies to transform the local agrifood sector into a sustainable, competitive and high-technology sector, and to boost economic growth to improve the wellbeing of the population. This development is expected to bode well for the growth of the local F&B processing industry which is a key stakeholder in the local-food-related industries.

Steady Population Growth

The Malaysian population is expected to continue growing at a steady pace. According to DOSM, the total population of Malaysia was 33.0 million in 2022. This figure is projected to grow steadily to reach 41.5 million in 2040. As the size of population increases, the potential pool of demand for F&B products also increases accordingly. In other words, the uptake in F&B products is positively correlated to population growth. Hence, the steady population growth in Malaysia is expected to spur the continued demand for F&B products moving forward. This is also expected to bode well for the local F&B processing machinery industry.

High Inflationary Pressure Weakening Purchasing Power and Affecting Consumer Sentiment

The headline inflation in Malaysia continued to grow in 2022. The consumer price index (CPI) (2010 = 100) increased by 3.3% from 123.1 in 2021 to 127.2 in 2022 due to pressures on certain fresh food prices as a result of rising non-energy commodity prices and improved demand following the easing of lockdown measures. The headline inflation in the country is expected to continue trending up leading to higher

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product prices including the prices of F&B products. This is mainly attributed to elevated global energy and commodity prices, the disruptions in the global supply chain and the weakness of the ringgit against the US dollar. Besides that, consumers are grappling with rising borrowing costs amidst the various hikes in the overnight policy rate by Bank Negara Malaysia. These developments can weaken purchasing power and affect consumer sentiments leading to dampened demand for F&B products, which in turn, reduce the demand for F&B processing machineries.

Technological Advancement

To cater for the growing demand for processed F&B products, there has been a need for manufacturers to increase production capability and capacity. Integrated systems are utilised in manufacturing facilities where the production processes are fully or partially automated with minimal requirement of manual labour. The availability of modern technology allows for the development of machinery that can drive production productivity and efficiency and promote better consistency in the quality of products produced. For example, the adoption of robotics technology is increasing, and it facilitates higher production volume, improves food safety and is less labour-intensive, thereby enhancing competitiveness. Manufacturers that have invested in newer technologies stand to benefit from cost savings generated and faster product-to-market lead time.

With the introduction of more advanced technology, most of the manufacturing processes for the production of F&B products can now be carried out using machinery and equipment rather than manual labour. The introduction of these machinery and equipment has allowed for the economies of scale for manufacturers of F&B products. In recent years, the usage of robotics in the F&B processing industry has also been on the rise. Technological advances, such as image recognition and gripper technology, have enabled robots to be increasingly capable of handling both delicate and diverse products. These robots can comply with strict food safety requirements, and function in challenging work environments (such as heat, moisture and cold). The robots used in the F&B processing industry can be generally segmented into generic robots that perform heavy standard tasks such as sorting boxes or storing pallets, and specialised robots that perform more complex and specific tasks such as carcass opener in the meat industry, lettuce and fruit corers in vegetable and fruit processing, as well as packing robots for biscuits and confectionery.

Integrated systems are not confined to the production process alone but can be extended to the packaging of the products as well. With the introduction of conveyor belts, collators and automated packers, the processing process has also been greatly improved. Food processing technology is required to comply with many requirements including protection against contamination and low pollution emission. As manufacturers often have a wide range of products, a more sophisticated processing system may be required to ensure correct product processing as well as to provide flexibility to cater for frequent product changes.

6.0 Substitute Products

The use of some types of F&B machineries can be substituted with the use of manual labour. Nonetheless, the use of F&B machineries can offer partial or full automation processing that minimises the risk of human error, drive operational efficiency and productivity, allow for scaling up of production and undertake processes that are risky or cannot be performed by manual labour. As such, F&B processing machineries are expected to continue undertaking a vital role in the processing of F&B products.

7.0 Relevant Laws and Regulations

Notable laws and regulations that are relevant to the F&B processing industry in Malaysia include but are not limited to the Factories and Machineries Act 1967, the Local Government Act 1976, the Environmental Quality Act 1974, the Occupational Safety and Health Act 1994, the Street, Drainage and Building Act 1974 as well as the Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990.

8.0 Prospects and Outlook of the F&B Processing Machinery Industry in Malaysia

The outlook of the local F&B processing machinery industry during the forecast period from 2023 to 2027 is positive. Factors boosting growth within the local F&B processing machinery industry are likely to come from the labour shortage issues in the country that have spurred the adoption of more industrial automation, leading to higher demand for processing machineries, a wide range of F&B products requiring processing and consumer preference for convenient processed food products. The support from the Malaysian Government to develop the local food-related industries is also expected to help support demand for F&B processing machineries. Furthermore, a growing population will likely drive higher consumption of food and thus, supporting the increasing need for more F&B processing machineries. Nonetheless, high inflationary pressure is expected to weaken purchasing power and affect consumer sentiment. On the supply side, the Malaysian F&B processing machinery industry is expected to benefit

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

from the advancement in technology in the country whereby the production processes are fully or partially automated with minimal requirement of manual labour.

The Malaysian F&B processing machinery industry is expected to grow from RM1.80 billion in 2023 to RM2.66 billion in 2027, registering a CAGR of 9.7%.

9.0 Prospects of the F&B Processing Machinery in Indonesia

The Indonesian economy expanded by 5.3% in 2022 (2021: 3.7%) on the back of revived spending following the lifting of pandemic restrictions and a surge in exports in tandem with a global commodity boom. The expansion was broad-based across all industries with the transportation and storage as well as the accommodation and food service activities industries registering a double-digit growth. Indonesia's economy is projected to grow by 5.0% and 5.1% in 2023 and 2024 respectively.

With a population of 275.8 million people in mid-2022, Indonesia has been actively developing its F&B sector to fulfil domestic demand. The primary sector, which produces raw materials for the F&B industry by agriculture, plantation and fisheries as well as the manufacturing of F&B products are notable contributors to the Indonesian economy. In particular, growth in the Indonesian F&B processing industry is supported by increasing consumer purchasing power, changing demands towards modern packaged food products, influence of western food and the emergence of large global companies in the country.

At the same time, other trends driving the F&B processing industry stem from rising health consciousness increasing demand for healthy packaged food products, including snacks, noodles and baked goods, as well as higher demand for quick preparation meals and frozen foods that cater to busy urban lifestyles. Some of the major F&B processing segments in the country include dairy, baby food, baked goods and noodles. Expanding consumer preferences for milk, yoghurt and cheese have also increased the market size of dairy-based packaged goods. Other processed food such as baked goods and noodles, confectionery and condiments have also led to increased demand for wheat, nuts, dried fruits and ground or powdered spices. The continued development of the Indonesian F&B processing industry is expected to bode well for the expansion of the F&B processing machinery industry, which serves as a crucial enabling industry to the F&B sector.

Locally produced processing machinery are mostly of older and less sophisticated technology and local suppliers face challenges in meeting the demand from local F&B manufacturers, especially from large and established players. As such, the majority of machinery for processing F&B has to be imported.

10.0 Prospects of the F&B Processing Machinery in the Philippines

The economy of the Philippines grew stronger in 2022 after registering an annual growth of 7.6% (2021: 5.7%). The economic growth in the country was driven by pandemic risk management and the easing of mobility restrictions leading to higher economic activities and more jobs created despite external headwinds. The wholesale and retail trade, repair of motor vehicles and motorcycles, manufacturing and construction were sectors that contributed the most to the growth. The Philippines' economy is projected to grow by 6.0% and 5.8% in 2023 and 2024 respectively. As of 1 May 2020, the total population of the Philippines was 109.0 million people.

The F&B processing industry in the Philippines is one of the main drivers of the country's manufacturing sector and has continued to expand over the years. As such, the industry has been identified by the Philippines government as a priority sector for attracting foreign investment under special economic zones. The Philippines' F&B processing industry is composed of several major segments, including fruits and vegetables, fish and marine products, meat and poultry products, flour and bakery products, beverages, confectioneries, dairy products, food condiments and seasonings, food supplements, bottled water, snack foods and fats and oils.

A large percentage of the local F&B processing industry's output is consumed domestically. Some of the factors supporting demand for processed food in the country include population growth, rising middle income earners, increasing number of dual-income families, higher disposable income, a young highly urbanised population with increasingly sophisticated tastes, easier access to supermarkets, as well as higher awareness of food quality and safety.

The F&B processors located in the country are mostly micro, small and medium enterprises, of which many are owned by single proprietor. However, there also exist large integrated corporations that dominate the Philippines' market and can compete on equal footing with foreign players. The continued development of the F&B processing industry in the Philippines is expected to bode well for the expansion of the F&B processing machinery industry in the country.

9. RISK FACTORS

YOU SHOULD EVALUATE AND CONSIDER CAREFULLY, ALONG WITH OTHER MATTERS IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS WHICH MAY IN THE FUTURE HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 OUR FINANCIAL PERFORMANCE IS DEPENDENT ON OUR ABILITY TO CONTINUALLY SECURE NEW ORDERS FROM EXISTING AND NEW CUSTOMERS

Our success is dependent on our ability to continually secure new orders from existing and new customers in relation to our three (3) business segments namely, food processing and packaging machinery solutions, trading of cellulose casings, and manufacturing and trading of flexible packaging materials. Our products and services (after-sales maintenance and repair works), particularly in relation to our food processing and packaging machinery solutions business segment, are generally offered on a one-off basis customised in accordance with our customers' needs and specifications; whilst our sales for the manufacturing and trading of flexible packaging materials business segment are generally based on individual confirmed orders from our customers. For our trading of cellulose casings, although we have entered into supply contract with two of our major customers (namely, PT. Wonokoyo Jaya Corporindo and PT. Dagsap Endura Eatore), the actual sale delivery will still be subject to confirmation from the said customers.

Our existing customers may opt to cease issuing new purchase orders, reduce or limit the size and/or scope of products and/or services requested, and/or cancel the purchase orders made due to various factors such as budget constraints, our ability to meet customers' specification and requirements, competitive pricing, timely delivery, as well as continued customer service. Notwithstanding our sales and marketing efforts, there can be no assurance that new customers approached by our Group will eventually purchase from us.

As at the LPD, we have an order book of RM68.36 million as set out below: -

	Expected to be fulfilled and billed in		
	FYE 2023	First half of 2024	Total
Order book by business segment	RM'000	RM'000	RM'000
Food processing and packaging machinery solutions	52,144	8,524	60,668
Trading of cellulose casings	5,209	768	5,977
Manufacturing and trading of flexible packaging materials	1,712	-	1,712
Total	59,065	9,292	68,357

There can be no assurance that our current order book can be sustained in the future; nor can we provide any assurance that the orders currently in our order book will not be delayed, reduced in the scope of products and/or services requested, or cancelled. Such delay, reduction in scope of products and/or services requested, or cancellation may lead to an adverse effect on our business operations, financial performance and financial position.

Notwithstanding that we have enjoyed favourable growth in revenue during the Financial Years Under Review, there is no assurance that we will be able to sustain the revenue size and/or rate of growth in the future. In the event we are unable to continually secure adequate new orders from existing and new customers, our financial performance and financial position will be adversely affected.

9. RISK FACTORS (cont'd)

9.1.2 WE ARE DEPENDENT ON ONE OF OUR MAJOR SUPPLIERS

For the Financial Years Under Review, we were dependent on Shandong Vicel of China for the supply of cellulose casings. Purchases from Shandong Vicel accounted for 12.99%, 16.30% and 17.84% of our total purchase value respectively for the Financial Years Under Review. Shandong Vicel is the sole supplier for cellulose casings to our Group for the Financial Years Under Review, save for a one-off repurchase of cellulose casings amounting to RM0.07 million from one of our Group's customers to cater for an urgent need of another customer in the FYE 2020 (as disclosed under Section 7.18, Note (2) of this Prospectus). We are a distributor of Shandong Vicel's Vicel Speedy Peel Cellulose Casings in Indonesia for two (2) years commencing from 1 January 2024 based on the renewed and latest distribution agreement. However, there can be no assurance that Shandong Vicel will continue to grant us the distributorship upon the expiry of the current agreement or renew the agreement on similar terms.

Revenue from trading of cellulose casings contributed 11.11%, 12.86% and 13.36% of our Group's total revenue respectively for the Financial Years Under Review. In the event of sudden cessation or disruption to the supply of cellulose casings from Shandong Vicel and we are unable to deliver to our customers within their required timeframe, revenue from trading of cellulose casings will be affected which in turn, may adversely affect our operations and financial performance.

For the Financial Year Under Review and up to the LPD, we have not experienced any material disruptions such as cancellation or non-fulfilment of our purchase orders with our major suppliers including Shandong Vicel. Further details on our major suppliers are disclosed in Section 7.17 of this Prospectus. Nonetheless, the supply of cellulose casings from Shandong Vicel might be disrupted due to factors not fully within our control.

9.1.3 WE ARE EXPOSED TO RISK RELATING TO FLUCTUATIONS IN RAW MATERIAL PRICES

The raw materials required in our fabrication activities include stainless steel products and aluminium products among others. As such, we are dependent on the continuous supply of such raw materials which we source from various suppliers in Malaysia. These raw materials are commodities, and their prices are subject to fluctuations in global market prices. Any price hikes in raw materials caused by their shortages, which are beyond our control could result in increased costs and hinder our Group's business profitability particularly given that our Group cannot immediately or fully pass-on these costs to our recurring customers. Notwithstanding that we have not experienced any major fluctuation in prices of our raw materials that have materially affected our financial performance for the Financial Years Under Review and up to the LPD. Nonetheless, our Group's future financial performance might be hindered by fluctuations in raw material prices.

9.1.4 WE ARE DEPENDENT ON OUR EXECUTIVE DIRECTORS AND KEY SENIOR MANAGEMENT FOR THE CONTINUED SUCCESS AND GROWTH OF OUR BUSINESS

We believe that our continued success is dependent on the expertise, experience and efforts of our Executive Directors, Key Senior Management and other qualified personnel. Our ability to retain these qualified and competent personnel is vital towards ensuring the successful execution of our Group's business strategies because it can be difficult, time-consuming and expensive to identify replacement personnel with the required combination of technical know-how on product development and integration of robotic technology within our product offerings, skills and attributes. Therefore, our ability to attract and retain a highly-skilled and experienced workforce is crucial for our continued success, future business growth and prospects as well as implementation and execution of our business strategies and future plans as set out in Section 7.20 of this Prospectus.

Notwithstanding that we have put in place succession planning as well as compensation packages and reward schemes, there can be no assurance that we will be able to retain all of our Executive Directors, Key Senior Management and/or other qualified personnel in the future. The loss of any Executive Director and/or any of our Key Senior Management simultaneously or within a short time may create unfavourable or material impact on our Group's operations

9. RISK FACTORS (cont'd)

and the future growth of our business; which may ultimately affect the results of operations, performance and prospects of our Group if we are not able to replace or attract suitable talents in a timely manner.

For the Financial Years Under Review and up to the LPD, we have not experienced any loss of our Executive Directors, Key Senior Management or other qualified personnel which disrupted our Group's business operations and financial performance. Nonetheless, there can be no assurance that we would not encounter such challenge in the future.

9.1.5 WE ARE SUBJECT TO CREDIT RISKS BASED ON THE CREDIT PERIODS GRANTED TO OUR CUSTOMERS

We are subject to credit risks associated with our customers and our profitability and cash flows may be affected if our customers fail to make timely payments for the outstanding trade balances owing to us.

The normal credit periods granted by our Group to customers ranges from 0 to 180 days. The credit term for each customer may vary depending on various factors including the length of business relationship, their payment track record, creditworthiness and credit limit. Our trade receivables turnover period were 66 days, 57 days and 43 days respectively for the Financial Years Under Review; which is within our normal credit period granted to our customers. Our Group's total trade receivables, net of allowance for impairment loss, stood at RM9.12 million as at 31 December 2022; of which RM4.21 million or 46.16% exceeded the normal credit period. As at the LPD, we have collected RM7.80 million or 67.13% of our Group's total trade receivables which were outstanding as at 31 December 2022.

We have not experienced any significant bad debts or major disputes with our trade receivables for the Financial Years Under Review. We assess the collectability of trade receivables on an individual customer basis and provide for impairment loss on receivables in the following manner: -

- (i) simplified approach using a provisional matrix to estimate lifetime expected credit loss in accordance with MFRS 9 *Financial Instruments*; and
- (ii) specific allowance for impairment on overdue balances where recoverability is ascertained to be uncertain based on our dealings with the customer.

The details on the allowance for impairment loss on receivables provided by us for the Financial Years Under Review are as follows: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Net allowance for impairment loss on receivables recognised during the financial year	110	866	80
PBT	7,742	13,853	15,579
Net allowance for impairment loss on receivables as a % of PBT	1.42	6.25	0.51

Whilst our finance team monitors collections from our customers regularly and follows up on any overdue amounts, there can be no assurance that the outstanding debts owing by our customers will be fully collected. Any default by our trade receivables to fulfil their debt obligations in the future may adversely affect our financial performance and financial position.

9. RISK FACTORS (cont'd)

9.1.6 WE MAY NOT BE ABLE TO SUCCESSFULLY EXECUTE OUR BUSINESS STRATEGIES AND FUTURE PLANS WHICH MAY HINDER OUR GROUP'S BUSINESS GROWTH AND SUCCESS

To grow our business and remain competitive, we intend to expand our business footprint and increase robotic footprint in food processing and packaging machinery solutions. Please refer to Section 7.20 of this Prospectus for further details on our business strategies and future plans.

The prospects and future growth of our business are dependent on our ability to implement and execute our business strategies and future plans effectively and promptly. The successful implementation of our business strategies and future plans may be affected by risk factors not fully within our control such as the general market and economic conditions, delay in completion of the construction of our new factory, customer acceptance level towards integration of robotic technology in the food processing and packaging machinery solutions offered by us, and the demand for our products and services may not match our enlarged capacity on an immediate basis. As such, there might be a delay or failure to implement any or all of our business strategies and future plans. In addition, even if we are able to successfully implement our business strategies and future plans, there can be no assurance that the actual outcomes and results would meet our original expectations.

Any delay or failure to implement any or all of our business strategies and future plans, or should the actual outcomes and results from any or all of our business strategies and future plans be less favourable than our original expectations, our business growth and success may be adversely affected which in turn, may have a negative effect on our financial performance and financial position.

9.1.7 WE ARE EXPOSED TO THE FLUCTUATIONS IN THE FOREIGN EXCHANGE RATES

We are exposed to foreign currency risk because some portion of our sales and purchases are transacted in foreign currencies namely the USD, EUR, NTD, SGD, IDR, RMB and PHP. As such, we are exposed to fluctuations in foreign exchange rates and any adverse movements in the foreign exchange markets may have a negative impact on our financial performance and operating results. For the Financial Years Under Review, our sales and purchases transactions denominated in local and foreign currencies are as follows: -

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Sales denominated						
- RM (local currency)	27,551	44.66	36,669	48.43	36,026	40.43
- USD	34,018	55.15	38,685	51.09	53,067	59.54
- EUR	15	0.02	147	0.19	16	0.02
- IDR	38	0.06	-	-	-	-
- SGD	67	0.11	216	0.29	5	0.01
	61,689	100.00	75,717	100.00	89,114	100.00
Purchases denominated						
- RM (local currency)	14,432	38.31	15,647	36.34	23,063	45.43
- USD	19,679	52.23	25,319	58.80	26,881	52.94
- EUR	1,358	3.60	325	0.75	45	0.09
- NTD	1,474	3.91	1,527	3.55	774	1.52
- PHP	-	-	4	0.01	8	0.02
- RMB	354	0.94	240	0.55	-	-
- IDR	379	1.01	-	-	-	-
Total	37,676	100.00	43,062	100.00	50,771	100.00

9. RISK FACTORS (cont'd)

The impact of foreign exchange fluctuations on our financial performance during the Financial Years Under Review are as follows: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Realised gain on foreign exchange	75	8	136
Unrealised gain on foreign exchange	180	216	181
Realised loss on foreign exchange	(192)	(192)	(24)
Unrealised loss on foreign exchange	(115)	(18)	(126)
Net (loss)/gain on foreign exchange	(52)	14	167
PBT	7,742	13,853	15,579
Net (loss)/gain on foreign exchange as a % of PBT	(0.67)	0.10	1.07

Our Group currently does not have a formal policy with respect to our foreign exchange transactions. Exposure on foreign exchange is monitored on an ongoing basis, and our Group endeavours to keep the net exposure within an acceptable level. Our Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Our Group does not use any financial instruments to hedge our exposure to fluctuation in foreign currency exchange rates. As at the LPD, we have not entered into any foreign exchange contracts as we endeavour to naturally hedge our foreign currency payments against our foreign currency collections. Nonetheless, we are subject to foreign exchange fluctuation risk for any mismatch in the purchases from our overseas suppliers and revenue from our sales to overseas customers. A depreciation of the RM against the foreign currencies may lead to higher costs of sales for our Group, whilst an appreciation of the RM against the foreign currencies may lead to lower sales and collections for our Group. Should such adverse event materialise, and we shall fail to pass on the adverse fluctuations to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin as a result of higher costs of sales or lower sales and collections.

9.1.8 WE ARE EXPOSED TO UNFAVOURABLE REGULATORY AND POLICY CHANGES RELATING TO THE HIRING OF FOREIGN WORKERS

We employ foreign workers in our business operations. As at the LPD, we have 37 foreign workers representing 23.87% of our total workforce. In Malaysia, the employment of foreign workers is subject to compliance with the laws and regulations enforced by the Immigration Department of Malaysia. Any unfavourable regulatory and policy changes relating to the hiring of foreign workers between Malaysia and the countries from which the foreign workers are sourced may adversely affect the availability of foreign workers, resulting in our Group not being able to continue employ new foreign workers or renew the working permit of existing foreign workers. In addition, any future increase to the minimum wages and/or any other costs associated with the hiring of foreign workers as implemented by the Government may result in an increase in our overall costs.

9.1.9 WE ARE EXPOSED TO RISK RELATING TO INADEQUACY ON INSURANCE COVERAGE ON OUR GROUP'S ASSETS AND EMPLOYEES

We are subject to risks such as fire, flood, accidents as well as public liability. As such, we have purchased insurance which include fire and burglary insurance, equipment insurance, public liability insurance, to provide coverage against any unforeseen event. Whilst we have taken the necessary steps to ensure that our insurance coverage is adequate for our operations and assets, it may not be adequate to fully compensate for the loss that we may suffer in the future. If we suffer losses that exceed the coverage provided by the insurance policies, it could have an adverse impact on our business, financial condition and results of operations.

9. RISK FACTORS (cont'd)

9.2 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES

9.2.1 WE OPERATE IN A COMPETITIVE ENVIRONMENT

The industries that we operate in are competitive and characterised by rapid changes in technology, changing customer requirements and frequent introduction of new or improved products. Our competitors may have broader portfolio of products and/or services, longer operating track record, greater financial, technical, marketing, sales and other resources, higher profile, better funding for R&D or product and/or service development, more extensive international operations and/or a larger base of customers than we do.

Competitive pressures in the market or our failure to compete effectively may lead to reduced revenue, price reductions, reduced margins, loss of market share and inability to gain market share, any one of which could negatively impact the business operations and financial performance of our Group. Notwithstanding that our Group seeks to differentiate ourselves from our competitors by leveraging on our competitive strengths as set out in Section 7.19 of this Prospectus, there can be no assurance that we will be able to compete effectively against our existing and future competitors.

9.2.2 WE ARE SUBJECT TO RISKS RELATING TO GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES AS WELL AS THE OCCURRENCE OF FORCE MAJEURE EVENTS SUCH AS GLOBAL PANDEMIC RISKS

For the Financial Years Under Review and up to the LPD, we derived our revenue and sourced our purchases from both the local and overseas markets. As such, our financial performance and business prospects are subject to the political, economic and regulatory risks in Malaysia as well as all the other foreign countries that we are supplying to or sourcing from. Uncertainties in political, economic and regulatory conditions include, but are not limited to, changes in the political leadership leading to unstable political situation, changes in government legislations and policies affecting the manufacturing sector, general economic and business conditions, movement in interest rates, changes in accounting and taxation policies, inflation rate as well as renegotiation or nullification of existing contracts. Our business is also susceptible to the risks of any future uncontrolled and/or prolonged disease outbreaks such as the recent COVID-19 pandemic that could result in the interruptions of our business operations and adversely affect our financial performance.

As at the LPD, our conduct of business has not been severely restricted in the past save for the disruptions caused by the lockdown measures imposed to curb the COVID-19 pandemic. We will continue to adopt prudent management and precautionary measures. However, our Group's ability to conduct business and future financial performance, might be adversely impacted by any changes in the political, economic and regulatory conditions in Malaysia and/or other foreign countries that we are supplying to or sourcing from; as well as the occurrence of force majeure events.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 NO PRIOR MARKET FOR OUR SHARES AND IT IS UNCERTAIN WHETHER A SUSTAINABLE MARKET WILL EVER DEVELOP

Prior to our Listing, there has been no prior public market for our Shares. As such, there is no assurance that an active/liquid market for our Shares will develop upon Listing, or if developed, that such a market can be sustained.

In addition, as we are seeking a listing on the ACE Market, investment in our Shares may be perceived to be of higher investment risk as compared to companies listed on the Main Market of Bursa Securities. Please refer to the cautionary statement disclosed in the Cover Page of this Prospectus.

9. RISK FACTORS (*cont'd*)

Notwithstanding that the IPO Price was determined after taking into consideration the factors as set out in Section 4.6 of this Prospectus, there is also no assurance that the IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing and that the market price of our Shares will not decline below the IPO Price.

9.3.2 CAPITAL MARKET RISKS AND VOLATILITY OF OUR SHARE PRICE AND TRADING VOLUME

The performance of capital market is very much dependent on external factors such as the performance of the regional and global stock markets and the inflow or outflow of foreign funds. Market sentiment is also induced by factors such as economic and political conditions and growth potential of the various sectors of the economy. These factors constantly contribute to the volatility of share prices witnessed on capital market and this adds risks to the market price of our Shares. Nevertheless, our profitability is not dependent on the performance of capital market as our business activities have no direct correlation with the performance of securities listed on capital market.

The trading price and volume of our Shares may fluctuate significantly and rapidly due to, amongst others, the following factors where some of which are beyond our control: -

- (i) variations in our financial results and operations;
- (ii) success or failure of our Executive Directors and Key Senior Management in implementing business and growth strategies;
- (iii) gain or loss of an important business relationship;
- (iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (v) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other related events and factors;
- (vi) changes in market valuations and share prices of companies with similar business to our Group that may be listed on Bursa Securities;
- (vii) additions or departure of our Executive Directors or Key Senior Management;
- (viii) fluctuation in stock market prices and volume; and/or
- (ix) involvement in litigation.

In addition, many of the risks described herein could materially and adversely affect the market price of our Shares. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated. The market price and trading volume of our Shares might be subject to volatility due to market sentiments.

9.3.3 CONTROL BY OUR PROMOTERS

Upon Listing, our Promoters will collectively hold approximately 67.20% of our enlarged issued share capital. This provides them with voting control over our Group. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group including the election of Directors, the timing and payment of dividends. Our Promoters will be in the position to influence the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting either by law or by relevant guidelines or regulations.

As a step towards good corporate governance, we have appointed four (4) Independent Non-Executive Directors and set up an Audit and Risk Management Committee to ensure that,

9. RISK FACTORS (cont'd)

amongst others, all future transactions involving related parties are entered into on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders. Our Audit and Risk Management Committee will, in that sense, represent the interest of the minority shareholders and the general public at large.

Nonetheless, there can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders.

9.3.4 THE SALE, OR THE POSSIBLE SALE, OF A SUBSTANTIAL NUMBER OF OUR SHARES IN THE PUBLIC MARKET FOLLOWING OUR LISTING COULD ADVERSELY AFFECT THE MARKET PRICE OF OUR SHARES

Following the completion of our IPO and Listing, approximately 25.95% of our enlarged issued share capital will be held by public investors participating in our IPO; whilst approximately 74.05% of our enlarged issued share capital will be held by our Promoters, Directors and Key Senior Management who do not fulfil the definition of "Public" in accordance with the Listing Requirements collectively.

It is possible that our Promoters and substantial shareholders may dispose of some or all of their Shares after their respective moratorium period, pursuant to their own investment objectives. If our Promoters and substantial shareholders sell, or are perceived as intending to sell, a substantial amount of our Shares, the market price of our Shares could be adversely affected.

9.3.5 DELAY IN OR ABORTION OF OUR LISTING

The occurrences of any of the following events which could cause a delay in, or abortion of, our Listing: -

- (i) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligation thereunder;
- (ii) selected investors fail to subscribe for the portions of our IPO Shares allotted to them which have not been underwritten by the Underwriter;
- (iii) we are unable to meet the public shareholding spread requirement prescribed by Bursa Securities of at least 25.00% of our enlarged issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing; or
- (iv) the revocation of approvals from relevant authorities prior to our Listing or Admission for whatever reason.

Where prior to the issuance and allotment of our IPO Shares: -

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to have been withdrawn and cancelled and we shall repay without interest all monies received from the applicants and if any such money is not repaid within fourteen (14) days of stop order, we shall be liable to repay such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC from the expiration of that period pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any of our IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

9. RISK FACTORS (cont'd)

Where subsequent to the issuance and allotment of our IPO Shares: -

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within fourteen (14) days of stop order, we shall be liable to repay such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC from the expiration of that period pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules to the extent that our IPO Shares form part of our share capital. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting, supported by either:
 - (i) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya; or
 - (ii) a solvency statement from the directors.

Therefore, there is a risk that monies paid in respect of our IPO Shares cannot be recovered in a timely manner.

Nonetheless, we will endeavour to ensure compliance with the Listing Requirements and all other applicable regulatory requirements for our successful listing on the ACE Market of Bursa Securities.

9.3.6 UNCERTAINTY OF DIVIDEND PAYMENTS

Our ability to declare dividends to our shareholders is dependent on, amongst others, our future financial performance, cash flows position, capital requirements and other obligations, and our ability to implement our business strategies and future plans. 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 is no assurance that we will be able to pay dividends to our shareholders subsequent to our Listing.

Dividends 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.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

10.1 RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS

Pursuant to the Listing Requirements, a “related party transaction” is a transaction entered into by a listed corporation or its subsidiaries that involves the interest (direct or indirect) of a related party. A “related party” of a listed corporation 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 six (6) months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiaries or holding company or a chief executive of the listed corporation, its subsidiaries or holding company; or
- (ii) a major shareholder including any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation, its subsidiaries or holding company, having an interest or interests in one (1) or more voting shares in a corporation and the number or aggregate number of those shares is:-
 - (a) 10% or more of the total number of voting shares in the corporation; or
 - (b) 5% or more of the total number of 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.

Pursuant to Rule 10.09 of the Listing Requirements, a listed issuer may seek a mandate from its shareholders' for related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of the listed corporation or its subsidiaries subject to, amongst others, the following: -

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under the Listing Requirements;
- (iii) the circular to the shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities; and
- (iv) in a meeting to obtain shareholders' approval on the mandate: -
 - (a) a related party with any interest, direct or indirect (“**interested related party**”), must not vote on the resolution in respect of the related party transaction;
 - (b) an interested related party who is a director or major shareholder must ensure that persons connected with them abstain from voting on the resolution in respect of the related party transaction; and
 - (c) where the interested related party is a person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution in respect of the related party transaction.

Our Group may, in the ordinary course of our business, enter into transactions, including but not limited to the related party transactions, with persons who are considered “related party” as defined in the Listing Requirements.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Due to the time-sensitive nature of commercial transactions, the shareholders' mandate will enable us, in our normal course of business, to enter into different categories of related party transactions, provided such recurrent related party transactions are made at arm's length and on normal commercial terms.

Upon Listing, our Audit and Risk Management Committee will supervise the terms of related party transactions and our Directors will report related party transactions, if any, by way of making announcements to Bursa Securities where applicable and through disclosure in our Company's interim report published quarterly and our Company's annual report published annually.

If there are any proposed related party transactions that involve the interest (direct or indirect) of our Director, the interested Director shall disclose his interest to our Board, the details of the nature and extent of his interest, including all matters in relation to the proposed related party transactions that he is aware or should reasonably be aware of, which is not in our best interests. The interested Director shall also abstain from any Board deliberation and voting on the relevant resolutions in respect of such proposed related-party transactions.

If there are any proposed related party transactions that require the prior approval of shareholders, the Director, major shareholder and/or persons connected with such Director or major shareholder, who has any interest (direct or indirect) in the proposed related party transaction shall abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned shall also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Director and/or major shareholder shall also undertake to ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**10.1.1 Related party transactions**

Save as disclosed below, there is no other material related party transaction (being related party transaction with transaction value of RM200,000 or above) entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them which are significant in relation to the business of our Group for the Financial Years Under Review and up to the LPD: -

Transacting company in our Group	Related party	Interested Director/ substantial shareholder/ person connected	Nature of relationship with related party	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	Up to the LPD RM'000
EP Machinery	Perfect Solution System Sdn. Bhd. (formerly known as Easy Pack Machinery (East Coast) Sdn. Bhd.) ⁽⁹⁾	Yeoh Chee Min	Yeoh Chee Min is the Promoter, Director and substantial shareholder of EPB Group He was the director and presently the shareholder of Perfect Solution System Sdn. Bhd.	Sale of food processing and packaging machinery solutions to Perfect Solution System Sdn. Bhd. ⁽¹⁾	1,527 (2.48% of our Group's revenue)	718 (0.95% of our Group's revenue)	-	-
EP Machinery	EC Trading System Sdn. Bhd. (formerly known as Easy Pack Technology Sdn. Bhd.) ⁽⁹⁾	Yeoh Chee Min and Ooi Kim Kew	Yeoh Chee Min and Ooi Kim Kew are the Promoters, Directors and substantial shareholders of EPB Group They were the directors and presently the shareholders of EC Trading System Sdn. Bhd.	Purchase of property, plant and equipment from EC Trading System Sdn. Bhd.	1,278 (2.22% of our Group's total assets) ⁽²⁾	160 (0.23% of our Group's total assets) ⁽³⁾	-	-
				Purchase of food processing and packaging machinery and components from EC Trading System Sdn. Bhd. ⁽⁴⁾	2,041 (4.96% of our Group's COS)	-	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting company in our Group	Related party	Interested Director/substantial shareholder/person connected	Nature of relationship of related party	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	Up to the LPD RM'000
EP Machinery	HM Solutions Partner Sdn. Bhd. (formerly known as Evergreen Cove Sdn. Bhd.)	Yeoh Chee Min and Goh Toh Sin	Yeoh Chee Min is the Promoter, Director and substantial shareholder while Goh Toh Sin is the Key Senior Management of EPB Group They were the directors and shareholders of HM Solutions Partner Sdn. Bhd.	Sale of food processing and packaging machinery solutions to HM Solutions Partner Sdn. Bhd. ⁽⁵⁾	*	264 (0.35% of our Group's revenue)	-(⁵)	Not applicable as no longer a related party
EP Machinery	L&A Technology Solution Sdn. Bhd. (formerly known as Easy Pack Machinery (Borneo) Sdn. Bhd.) ⁽⁹⁾	Yeoh Chee Min and Ooi Kim Kew	Yeoh Chee Min and Ooi Kim Kew are the Promoters, Directors and substantial shareholders of EPB Group They were the directors and presently the shareholders of L&A Technology Solution Sdn. Bhd.	Sale of food processing and packaging machinery solutions to L&A Technology Solution Sdn. Bhd. ⁽¹⁾	593 (0.96% of our Group's revenue)	192 (0.25% of our Group's revenue)	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting company in our Group	Related party	Interested Director/ substantial shareholder/ person connected	Nature of relationship with related party	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	Up to the LPD RM'000
EP Machinery	EC Steel (M) Sdn. Bhd.	Yeoh Chee Min and Tan Cheng Cheng	Yeoh Chee Min is the Promoter, Director and substantial shareholder while Tan Cheng Cheng is the Key Senior Management of EPB Group They were the directors and shareholders of EC Steel (M) Sdn. Bhd.	Purchase of food processing and packaging machinery and components from EC Steel (M) Sdn. Bhd. ⁽⁶⁾	512 (1.24% of our Group's COS)	398 (0.79% of our Group's COS)	Not applicable as no longer a related party	Not applicable as no longer a related party
EP Machinery	Easypreneur Dev Sdn. Bhd. ⁽⁹⁾	Yeoh Chee Min and Goh Toh Sin	Yeoh Chee Min is the Promoter, Director and substantial shareholder while Goh Toh Sin is the Key Senior Management of EPB Group They were the directors and presently the shareholders of Easypreneur Dev Sdn. Bhd.	Sales commission charged by Easypreneur Dev Sdn. Bhd. ⁽⁷⁾	385 (8.01% of our Group's selling and distribution expenses)	346 (9.50% of our Group's selling and distribution expenses)	-	-
				Purchase of property, plant and equipment from Easypreneur Dev Sdn. Bhd. ⁽³⁾	-	*	300 (0.36% of our Group's total assets)	-

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting company in our Group	Related party	Interested Director/ substantial shareholder/ person connected	Nature of relationship with related party	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	Up to the LPD RM'000
BW Perkasa UAE	PT Bestworld Perkasa	Yeow Song You	Yeow Song You is the Key Senior Management of EPB Group and the Director of BW Engineering Yeow Song Yan is the sibling of Yeow Song You who is also the controlling shareholder of PT Bestworld Perkasa	Fees for marketing services charged by PT Bestworld Perkasa	-	-	432 (5.65% of our Group's selling and distribution expenses) ⁽⁸⁾⁽ⁱ⁾	324 ⁽⁸⁾⁽ⁱⁱ⁾

Notes: -

* Less than a thousand.

- (1) These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to EP Machinery's approved intermediary price list. The approved intermediary price list is a price list set by our Group to guide the selling price for transaction with customers who are not end-users of our product (such as trading companies who will be responsible for securing and dealing with their own end-users), and would be adopted for transactions with similar terms and arrangements, regardless of whether it is with a related party or a third party ("**Approved Intermediary Price List**"). Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group. Such transactions have not recurred since the FYE 2022 as the related companies are currently dormant as at the LPD.
- (2) The transaction was not carried out on an arm's length basis. The transaction value was determined by reference to the NBV as recorded in the books of the related party, after taking into consideration the conditions of the asset items and the income tax provisions particularly tax ruling pertaining to "controlled transfer" (being disposal of asset between parties under common control). The related company has been dormant since the FYE 2021, and asset items have been taken over and used by EP Machinery. Notwithstanding the above, our Directors (save for interested Directors) are of the opinion that the transaction was neither unfavourable nor detrimental to our Group as the transaction allowed our Group taking over asset items that can be used in our operations at NBV, which involved lower capital outlay as compared to new acquisitions which would cost higher capital outlay. The transaction is a one-off transaction.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

- (3) *Consist of used motor vehicles sold to EP Machinery. These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to the market price range indicated by third parties and after taking into consideration the conditions of the used motor vehicles. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group. These transactions are one-off transactions.*
- (4) *Consist of inventory items taken over in bulk by EP Machinery. The transaction was carried out on an arm's length basis, as the transaction value was determined by reference to cost quotation for similar inventory items by external suppliers and after taking into consideration the conditions of the inventory items and additional fabrication/assembly works performed by the related party on the inventory items. Based on the above, our Directors (save for interested Directors) are of the opinion that the transaction was neither unfavourable nor detrimental to our Group. The transaction is a one-off transaction.*
- (5) *These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to EP Machinery's Approved Intermediary Price List. The Approved Intermediary Price List would be adopted for transaction with similar terms and arrangement, regardless of whether it is with related party or third party. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group.*

HM Solutions Partner Sdn. Bhd. (formerly known as Evergreen Cove Sdn. Bhd.) has ceased to be a related party at beginning of the FYE 2022, as Yeoh Chee Min has ceased to be director and shareholder of the company in June 2019 and July 2019 respectively; while Goh Toh Sin has ceased to be director and shareholder of the company in January 2022. Yeoh Chee Min's entire shareholdings in HM Solutions Partner Sdn. Bhd. were disposed to Goh Toh Sin on 5 July 2019. At that point in time, the company was involved in trading of coffee bean, designing, developing of artworks and supplying of printing material and related products and transportation agent, and general trading. On 14 January 2022, Goh Toh Sin's entire shareholdings in HM Solutions Partner Sdn. Bhd. were disposed to Mohamed Habib Bin Din. Prior to the disposal of shares to Mohamed Habib Bin Din and up to 4 January 2022, the company was acting as commission agent to sell packaging machines and was involved in general trading, designing, developing of artworks and supplying of printing material and related products, transportation agent and investment holding. Subsequent to the disposal and as at the LPD, the company is involved in receiving commission from selling packaging machine and general trading, designing, developing artworks and supplying of printing material and related products, transportation agent, agricultural, food and beverages supplies and raw materials, and investment holdings. The values disclosed herein consist of transactions up to the point where the said company ceased to be a related party.

- (6) *These transactions were carried out on an arm's length basis, as the transaction values were negotiated on a willing-buyer willing-seller basis where our Group will only accept the quotation of the related party if the costing is within our Group's budget and the resultant profit margin that can be derived from the subsequent sale of the products is within the norm of the Group. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group.*

EC Steel (M) Sdn. Bhd. has ceased to be a related party at end of the FYE 2021, as Yeoh Chee Min has ceased to be director and shareholder of the company in November 2021; while Tan Cheng Cheng has ceased to be director and shareholder of the company in August 2021 and September 2021 respectively. Yeoh Chee Min disposed of his entire shareholdings in EC Steel (M) Sdn. Bhd. to Chan Han Wei and Chan Han Yau on 23 November 2021 and Tan Cheng Cheng disposed of her entire shareholdings in EC Steel (M) Sdn. Bhd. to Chan Han Wei on 17 September 2021. At that point in time, the company was involved in the business of trading and manufacturing stainless-steel products. The values disclosed herein consist of transactions up to the point where the said company ceased to be a related party.

- (7) *The sales commissions paid to related company by EP Machinery was determined based on the differential sum between the actual sales values invoiced by EP Machinery to the end customers (which were secured on behalf of EP Machinery by the related party) and the corresponding selling prices as per EP Machinery's Approved Intermediary Price List. These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to EP Machinery's Approved Intermediary Price List. The Approved Intermediary Price List would be adopted for transaction with similar*

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (*cont'd*)

terms and arrangement, regardless of whether it is with related party or third party. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group. Such transactions have not recurred since the FYE 2022 as the related company is currently dormant as at the LPD.

- (8) (i) *PT Bestworld Perkasa was incorporated in 2005 to undertake marketing activities and after-sale services in Indonesia, and was formerly owned by Yeoh Chee Min and Liew Meng Hooi. The business activities of PT Bestworld Perkasa were managed by a separate management team. Taking into consideration the business activities of PT Bestworld Perkasa are ancillary in nature and the profit level of PT Bestworld Perkasa was not significant (approximately RM0.30 million in year 2021), Yeoh Chee Min and Liew Meng Hooi had resolved to allow the management team of PT Bestworld Perkasa to take over the ownership of PT Bestworld Perkasa on 30 December 2021 in order to focus on the core business operations of our Group. As such, PT Bestworld Perkasa is not included in the formation of our Group. These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to the prevailing charges imposed by external party for similar services. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group.*

PT Bestworld Perkasa continues to be considered as a related party merely because its controlling shareholder, Yeow Song Yan, is the sibling of Yeow Song You; who is the Key Senior Management of EPB Group and the Director of BW Engineering. Our Group continues to transact with PT Bestworld Perkasa because its management team has demonstrated their capabilities in carrying out marketing services and after-sale services for Indonesian market in the past. For the FYE 2022, sales to customer identified by PT Bestworld Perkasa (as our agent for Indonesia) amounted to RM5.31 million.

- (ii) *BW Perkasa UAE has entered into a service agreement with PT Bestworld Perkasa on 1 January 2023, to engage PT Bestworld Perkasa as the sales agent to promote and provide marketing services for our food processing and packaging machinery solutions in Indonesia; for an initial duration of three (3) years from the date of agreement and at a monthly service fee of USD8,000 (equivalent to RM37,100 based on the exchange rate of RM4.6375:USD1.00 as at the LPD). The said service agreement may be renewed for a further term of three (3) years by way of one (1) month prior written notice delivered by either party to the other party prior to the expiry of the agreement. Upon the occurrence of any event of default, the non-defaulting party shall give notice in writing to the defaulting party to remedy the event of default within thirty (30) days of the receipt of such notice. In the event that the defaulting party shall fail to remedy upon the expiry of the said thirty (30) days period, the non-defaulting party shall be entitled to terminate the said agreement and will not result in any penalty being payable.*

- (9) *As at the LPD, these companies are dormant and are in the midst of realising their assets and settling their liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.*

Upon Listing, our Audit and Risk Management Committee will review and monitor the terms of any related party transactions and ensure that any non-recurrent related party transactions and recurrent related party transactions are carried out on an arm's length basis and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of our Group.

In addition, we will adhere to the requirements under the Listing Requirements in relation to related party transactions and recurrent related party transactions, including making the necessary announcements to Bursa Securities or obtaining shareholders' approval as may be necessary. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Furthermore, the interested Directors shall abstain from deliberation and voting at the relevant Board meetings and interested Directors and major shareholders shall abstain and procure persons connected to them from voting at the general meetings held to approve the resolutions relating to the related party transactions and/or recurrent related party transactions. After our IPO and Listing, for recurrent related party transactions, we will obtain an annual mandate from our shareholders at general meetings, if required.

10.1.2 Transaction that are unusual in nature or conditions

Our Group has not entered into any transactions, that are unusual in nature or condition involving goods, services, tangible or intangible assets, with related parties during the Financial Years Under Review and up to the LPD.

10.1.3 Outstanding loans made for the benefit of the related parties

There are no outstanding loans (including guarantees of any kind) and financial assistance made by us to or for the benefit of any related party as at the LPD.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

10.2 CONFLICTS OF INTEREST

10.2.1 Interest in similar business

As at the LPD, save as disclosed below, none of our Directors, Key Senior Management and/or substantial shareholders have any interest, whether direct or indirect, in other businesses or corporations which are carrying on a similar trade to that of our Group: -

Name of company	Affected person	Nature of business	Position (Director/ shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	%	No. of shares held	%	
L&A Technology Solution Sdn. Bhd. (formerly known as Easy Pack Machinery (Borneo) Sdn. Bhd.)	Yeoh Chee Min	Previously involved in trading and dealing in all kinds of packing machinery	Shareholder	246,400	80.0	61,600	20.0 ⁽¹⁾	The conflict of interest arose due to involvement of the company in similar trade with the EPB Group in the prior years. The Board is of the view that the necessary steps have been taken to mitigate the potential conflict of interest in view of the following: - <ul style="list-style-type: none"> (i) the company is currently dormant as at the LPD; (ii) both Yeoh Chee Min and Ooi Kim Kew have ceased as directors of the company on 30 December 2022; and (iii) the company is in the midst of realising its assets and settling its liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.
	Ooi Kim Kew		Shareholder	61,600	20.0	246,400	80.0 ⁽²⁾	

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Name of company	Affected person	Nature of business	Position (Director/ shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	%	No. of shares held	%	
Perfect Solution System Sdn. Bhd. (formerly known as Easy Pack Machinery (East Coast) Sdn. Bhd.)	Yeoh Chee Min	Previously involved in trading and dealing in all kinds of packaging machinery	Shareholder	39,000	60.0	-	-	<p>The conflict of interest arose due to involvement of the company in similar trade with the EPB Group in the prior years. The Board is of the view that the necessary steps have been taken to mitigate the potential conflict of interest in view of the following: -</p> <ul style="list-style-type: none"> (i) the company is currently dormant as at the LPD; (ii) Yeoh Chee Min has ceased as director of the company on 30 December 2022; and (iii) the company is in the midst of realising its assets and settling its liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Name of company	Affected person	Nature of business	Position (Director/ shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	%	No. of shares held	%	
EC Trading System Sdn. Bhd. (formerly known as Easy Pack Technology Sdn. Bhd.)	Yeoh Chee Min	Previously involved in manufacturing of automated food packaging machines and parts	Shareholder	61,000	61.0	39,000	39.0 ⁽¹⁾	<p>The conflict of interest arose due to involvement of the company in similar trade with the EPB Group in the prior years. The Board is of the view that the necessary steps have been taken to mitigate the potential conflict of interest in view of the following: -</p> <p>(i) the company is currently dormant as at the LPD;</p> <p>(ii) both Yeoh Chee Min and Ooi Kim Kew have ceased as directors of the company on 30 December 2022; and</p> <p>(iii) the company is in the midst of realising its assets and settling its liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.</p>
	Ooi Kim Kew		Shareholder	39,000	39.0	61,000	61.0 ⁽²⁾	

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Name of company	Affected person	Nature of business	Position (Director/ shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	%	No. of shares held	%	
Easypreneur Dev Sdn. Bhd.	Yeoh Chee Min	Marketing commission agent	Shareholder	50	50.0	-	-	<p>The conflict of interest arose due to involvement of the company in similar trade with the EPB Group in the prior years. The Board is of the view that the necessary steps have been taken to mitigate the potential conflict of interest in view of the following: -</p> <p>(i) the company is currently dormant as at the LPD;</p> <p>(ii) both Yeoh Chee Min and Goh Toh Sin have ceased as directors of the company on 28 February 2023; and</p> <p>(iii) the company is in the midst of realising its assets and settling its liabilities, so that it can be dissolved eventually. The expected timeframe for dissolution is within the financial year ending 31 December 2026.</p>
	Goh Toh Sin		Shareholder	50	50.0	-	-	

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Name of company	Affected person	Nature of business	Position (Director/ shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	%	No. of shares held	%	
Food Technovation Sdn. Bhd.	Yeoh Chee Min	1. To provide consultation on food regulations, labelling equipment, food safety and defense 2. To develop, design of processes, choice of packaging materials, shelf life studies and sensory evaluation for food products.	Shareholder	300	30.0	-	-	The conflict of interest arose due to involvement of the company in similar trade with the EPB Group in the prior years. The Board is of the view that the necessary steps have been taken to mitigate the potential conflict of interest in view of the following: - (i) the company has not commenced its operations since its incorporation on 10 December 2021 and is currently dormant as at the LPD; (ii) both Yeoh Chee Min and Goh Toh Sin have ceased as directors of the company on 28 February 2023; and (iii) the company had on 27 April 2023 applied to the Companies Commission of Malaysia (“CCM”) to strike-off the company in accordance with section 550 of the Act. The dissolution process will be considered complete once the company receives the Gazette notification from CCM ⁽³⁾ .
	Goh Toh Sin		Shareholder	300	30.0	-	-	

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Notes: -

- (1) *Deemed interested by virtue of the interests of his spouse, Ooi Kim Kew.*
- (2) *Deemed interested by virtue of the interests of her spouse, Yeoh Chee Min.*
- (3) *The company has been struck off in the Gazette on 4 September 2023.*

Save as disclosed above, the Board confirms that there is no other situation of conflict of interest and potential conflict of interest which have not been disclosed.

Upon Listing, our Directors, Key Senior Management and/or substantial shareholders will be required to disclose any conflict of interest situation to our Audit and Risk Management Committee as and when it arises and to abstain on deliberation and/or voting in respect of transactions in which they have an interest. Our Audit and Risk Management Committee will review such conflict of interest situation whenever declared or brought to their attention, and take the necessary steps to resolve or mitigate such conflict of interest situation in the best interests of our Group.

10.2.2 Interest in other business or corporations which are customers or suppliers of our Group

As at the LPD, none of our Directors, Key Senior Management or substantial shareholders have any interest, direct or indirect, in any business or corporations which are the customers or suppliers of our Group.

10.2.3 Promotions of material assets acquired/to be acquired within the three (3) financial years preceding the date of this Prospectus

Save for the SSAs as disclosed in Section 6.4 of this Prospectus, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of, or in any material assets, which had been within the Financial Years Under Review, acquired or proposed to be acquired by, disposed of or proposed to be disposed of to/by, or leased or proposed to be leased to/by, us.

10.2.4 Declarations of conflict of interest by our advisers

- (i) Malacca Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for the Listing.
- (ii) WYNCORP Advisory Sdn. Bhd. has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Corporate Finance Adviser for the Listing.
- (iii) Ghazi & Lim has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for the Listing.
- (iv) Folks DFK has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for the Listing.
- (v) Protégé has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for the Listing.
- (vi) Kong Sown Kaey and Ong Lu See have given their written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in their capacity as the company secretaries for the Listing.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

- (vii) GovernAce Advisory & Solutions Sdn. Bhd. has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the internal control reviewer for the Listing.
- (viii) Boardroom has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Share Registrar for the Listing.
- (ix) MIH has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Issuing House for the Listing.

10.3 SALIENT TERMS OF ENGAGEMENT AND SCOPE OF WORK OF OUR CORPORATE FINANCE ADVISER

The salient terms of engagement and scope of work of our Corporate Finance Adviser are, amongst others, as follows: -

- (i) in consultation with our Promoters and Principal Adviser, advising on the Pre-Listing Exercise and equity structure of our Company in preparation for the Listing;
- (ii) in consultation with our Promoters and Principal Adviser, assisting the Company on conceptualising, planning and implementing the Listing, including the offer structure, size and method of achieving the optimal public shareholding spread, pricing of the Shares, the enlarged issued share capital and other related capital/financial matters. For the avoidance of doubt, the role of the Corporate Finance Adviser does not involve underwriting and placement of Shares in relation to our IPO;
- (iii) in consultation with our Promoters and Principal Adviser, assisting the Company in reviewing the submission documents and this Prospectus and, where applicable, advising on relevant matters that may arise in the process of implementation of our Listing;
- (iv) together with the Principal Adviser, advising the Company on the regulatory requirements and compliance matters, including the appropriate corporate governance structure, in relation to our Listing; and
- (v) participating in the due diligence working group to verify the information, data, documents and representations by our Directors contained in this Prospectus and submissions to the relevant authorities, as agreed in the due diligence planning memorandum.

11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated as a private limited company under the name of EPB Group Sdn. Bhd. on 28 February 2022 in Malaysia under the Act. Our Company was converted to a public limited company under the name of EPB Group Berhad on 10 March 2023. Upon completion of the Pre-Listing Exercise, BW Engineering, BW Perkasa Labuan, EP Machinery, EP Machinery KL and EP Manufacturing become our wholly-owned subsidiaries (collectively, our “**Direct Subsidiaries**”); whilst BW Perkasa UAE, subsidiary of BW Engineering, become our indirect wholly-owned subsidiary.

The financial statements used in the preparation of our historical combined financial information for the Financial Years Under Review were prepared in accordance with the MFRS. All intra-group transactions and balances have been eliminated on combination. The following historical combined statements of profit or loss and other comprehensive income, historical combined statements of financial position and historical combined statements of cash flows should be read in conjunction with the Management’s Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 11.2 of this Prospectus and the Accountants’ Report as set out in Section 12 of this Prospectus.

11.1.1 Historical Combined Statements of Profit or Loss and Other Comprehensive Income

The historical combined statements of profit or loss and other comprehensive income for the Financial Years Under Review are summarised below: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Revenue	61,689	75,717	89,114
COS	(41,135)	(50,163)	(58,655)
GP	20,554	25,554	30,459
Other income	1,104	1,211	2,576
Selling and distribution costs	(4,808)	(3,642)	(7,651)
Administrative expenses	(7,909)	(8,925)	(9,423)
Other expenses	(761)	(8)	(38)
Operating profit	8,180	14,190	15,923
Finance costs	(438)	(337)	(344)
PBT	7,742	13,853	15,579
Taxation	(1,444)	(1,927)	(3,297)
PAT attributable to owners of the parent	6,298	11,926	12,282
Other comprehensive (loss)/income: -			
Exchange differences on translation ⁽¹⁾	(83)	172	376
Total comprehensive income attributable to owners of the parent	6,215	12,098	12,658
EBITDA ⁽²⁾ (RM'000)	9,470	15,500	17,519
GP margin ⁽³⁾ (%)	33.32	33.75	34.18
PBT margin ⁽⁴⁾ (%)	12.55	18.30	17.48
PAT margin ⁽⁵⁾ (%)	10.21	15.75	13.78
Basic EPS ⁽⁶⁾ (sen)	2.10	3.97	4.09
Diluted EPS ⁽⁷⁾ (sen)	1.69	3.21	3.30
Effective tax rate ⁽⁸⁾ (%)	18.65	13.91	21.16

11. FINANCIAL INFORMATION (cont'd)Notes: -

- (1) Represent the exchange differences arising from translation of the financial statements of BW Perkasa Labuan and BW Perkasa UAE for the respective Financial Years Under Review, which were prepared and presented in USD.
- (2) EBITDA is computed as follows: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
PBT	7,742	13,853	15,579
Add			
Finance costs	438	337	344
Interest income	(27)	(46)	(9)
Depreciation and amortisation	1,317	1,356	1,605
EBITDA	9,470	15,500	17,519

- (3) GP margin is computed based on GP divided by revenue.
- (4) PBT margin is computed based on PBT divided by revenue.
- (5) PAT margin is computed based on PAT attributable to owners of the parent divided by revenue.
- (6) Basic EPS is computed based on PAT attributable to owners of the parent divided by the issued share capital of 300,430,002 Shares before the IPO and after the completion of the Pre-Listing Exercise.
- (7) Diluted EPS is computed based on PAT attributable to owners of the parent divided by the enlarged issued share capital of 372,000,002 Shares after the IPO.
- (8) Effective tax rate is computed based on taxation divided by PBT.

11. FINANCIAL INFORMATION (cont'd)**11.1.2 Historical Combined Statements of Financial Position**

The historical combined statements of financial position as at 31 December 2020, 31 December 2021 and 31 December 2022 are as follows: -

	Audited as at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment ("PPE")	10,828	11,648	11,469
Right-of-use assets	6,735	5,184	5,685
Intangible assets	7	33	25
Total non-current assets	17,570	16,865	17,179
Current Assets			
Inventories	9,829	13,426	13,969
Trade receivables	11,877	11,720	9,121
Other receivables, deposits and prepayments	3,974	6,817	11,147
Tax recoverable	204	85	380
Fixed deposits with a licensed bank	-	5	456
Cash and bank balances	14,203	20,134	31,544
Total current assets	40,087	52,187	66,617
TOTAL ASSETS	57,657	69,052	83,796
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	-	-	*
Invested equity [#]	5,552	5,552	5,552
Foreign currency translation reserve	(121)	51	428
Retained profits	18,108	24,398	36,479
TOTAL EQUITY	23,539	30,001	42,459
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	767	895	2,458
Bank borrowings	3,065	2,055	3,209
Lease liabilities	710	306	809
Total non-current liabilities	4,542	3,256	6,476
Current liabilities			
Bank borrowings	1,065	2,107	1,421
Lease liabilities	846	325	489
Trade payables	3,662	4,119	3,522
Other payables, deposits and accrued liabilities	16,934	22,699	29,081
Amount owing to directors	3,259	3,206	6
Current tax liabilities	900	968	342
Dividend payable	2,910	2,371	-
Total current liabilities	29,576	35,795	34,861
TOTAL LIABILITIES	34,118	39,051	41,337
TOTAL EQUITY AND LIABILITIES	57,657	69,052	83,796

11. FINANCIAL INFORMATION (cont'd)Notes: -

* Represents RM2.00.

Represents the aggregate of the share capital of our Direct Subsidiaries.

11.1.3 Historical Combined Statements of Cash Flows

The historical combined statements of cash flows for the Financial Years Under Review are summarised below: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Net cash generated from operating activities	8,649	13,117	14,688
Net cash used in investing activities	(2,069)	(376)	(820)
Net cash used in financing activities	(6,401)	(7,320)	(2,500)
Net increase in cash and cash equivalents	179	5,421	11,368
Effects of foreign exchange difference on cash and cash equivalents	(6)	515	493
Cash and cash equivalents at beginning of year	14,030	14,203	20,139
Cash and cash equivalents at end of year	14,203	20,139	32,000
Details of the cash and cash equivalents: -			
Fixed deposits with a licensed bank	-	5	456
Cash and bank balances	14,203	20,134	31,544
	14,203	20,139	32,000

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11. FINANCIAL INFORMATION (cont'd)

11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis on our financial condition and results of operations for the Financial Years Under Review should be read in conjunction with the historical combined financial statements and the accompanying notes as set out in the Accountants' Report included in Section 12 of this Prospectus.

The discussion and analysis contain data derived from our audited combined financial statements as well as forward-looking statements that involve risks and uncertainties. The actual results may differ significantly from those anticipated in the forward-looking statements, as a result of a number of factors including, but are not limited to, those discussed below and elsewhere in this Prospectus; particularly the risk factors as set out in Section 9 of this Prospectus.

11.2.1 Overview of Our Operations

(a) Principal activities

Our Group is primarily involved in the following: -

- (i) provision of food processing and packaging machinery solutions including industrial robots and related accessories for its customers primarily involved in the food industry and also as laboratory equipment and its related accessories for research purposes. For avoidance of doubt, industrial robots and related accessories are not separate products offered by our Group. The industrial robots and related accessories are integrated within the food processing and packaging machinery solutions to be offered to our customers. Similarly, laboratory equipment and its related accessories are not separate products offered by our Group. These are food processing and packaging machinery solutions to be offered to universities for laboratory use in relation to food science and technology research;
- (ii) trading of cellulose casings; and
- (iii) manufacturing and trading of flexible packaging materials.

For further details on our business overview, please refer to Section 7.2 of this Prospectus.

(b) Revenue

Our Group's revenue for the Financial Years Under Review were derived from the following business segments: -

(i) Provision of food processing and packaging machinery solutions

Under this business segment, we provide food processing and packaging machinery solutions targeting various food products; catering primarily to food manufacturing and processing companies. We integrate in-house and/or third-party food processing and/or packaging machinery and components to form large-scale automated processing and/or packaging lines; which are designed and customised based on our customers' needs.

Products/services supplied to our customers under this business segment consist of: -

- food processing and/or packaging lines, comprising in-house and/or third-party food processing and/or packaging machinery and components, which have been designed, customised and integrated based on our customers' needs;

11. FINANCIAL INFORMATION (cont'd)

- replacement parts and components for the food processing and/or packaging lines; and
- after-warranty period maintenance and repair services.

Our revenue is recognised upon delivery to and acceptance of our products and services by our customers. Our sales are primarily denominated in RM and USD. We do not practise any fixed pricing policy. The selling prices of our products and services are determined and negotiated on a case-by-case basis, and may vary according to various factors such as raw materials/inputs prices, our customers' specifications and requirements for the food processing and packaging machinery solutions, and delivery lead time amongst others.

Due to the nature of our business where our products are customised based on our customers' orders, our products vary in terms of design, specification, size, and raw materials/inputs required.

Our primary source of revenue is derived from this business segment, contributing 82.65%, 80.21% and 81.43% of our Group's total revenue respectively for the Financial Years Under Review.

We provide our food processing and packaging machinery solutions to both the local and overseas markets. For the Financial Years Under Review, local market contributed 44.12%, 49.65% and 53.59% of our revenue derived from this business segment; whilst overseas markets contributed 55.88%, 50.35% and 46.41% of our revenue derived from this business segment, primarily from our customers based in the Philippines (which include amongst others, our major customers namely, Customer A, Sandiwa 85 Cold Storage Corporation and Frabelle Cold Storage Corporation) and Indonesia (which include amongst others, our major customers namely, PT. Wonokoyo Jaya Corporindo, PT. Ciomas Adisatwa, PT. Kusuma Sarana Pangan, PT. Dagsap Endura Eatore, PT. Petra Sejahtera Abadi and PT. Macroprima Panganutama). Please refer to Section 7.16 of this Prospectus for further details on our major customers.

(ii) Trading of cellulose casings

To complement our core business operation in the provision of food processing and packaging machinery solutions, we also ventured into the trading of cellulose casings; which are used mainly in the processing and manufacturing of a variety of frozen food products, predominantly in the production of sausage. Cellulose casings are consumables used by frozen food manufacturing and processing companies to shape and protect the meat during the production processes.

Our revenue is recognised upon delivery to and acceptance of our products by our customers. Our sales are primarily denominated in USD. We do not practise any fixed pricing policy, although the pricing for individual recurring customers may be maintained within a consistent range for a certain period. The selling prices of our products and services are determined and negotiated on a case-by-case basis, and may vary according to various factors such as raw materials/inputs prices, volume of order, and future prospects of recurring orders from our customers amongst others.

Revenue from this business segment contributed 11.11%, 12.86% and 13.36% of our Group's total revenue respectively for the Financial Years Under Review. We supply the cellulose casings primarily to overseas markets. For the Financial Years Under Review, overseas markets contributed 99.18%, 91.78% and 100.00% of our revenue derived from this business segment; primarily from our customers based in Indonesia namely PT. Wonokoyo Jaya Corporindo and PT. Dagsap Endura Eatore. Please refer to Section 7.16 of this Prospectus for further details on our major customers.

11. FINANCIAL INFORMATION (cont'd)**(iii) Manufacturing and trading of flexible packaging materials**

Revenue generated from this business segment primarily consist of supply of packaging films and packaging bags, which are generally targeted to food manufacturing and processing companies (accounting for approximately 97.30%, 95.39% and 88.78% of our revenue generated from this business segment for the Financial Years Under Review), personal care manufacturers (accounting for approximately 1.53%, 2.91% and 6.87% of our revenue generated from this business segment for the Financial Years Under Review) and pet food manufacturers (accounting for 3.10% of our revenue generated from this business segment for the FYE 2022).

Products sold to our customers under this business segment consist of the following: -

- packaging films and/or packaging bags manufactured in-house by our subsidiary, EP Manufacturing;
- packaging films and/or packaging bags sourced from external suppliers; and
- other miscellaneous items used in packaging such as oxygen absorber sourced from external suppliers.

Our revenue is recognised upon delivery to and acceptance of our products by our customers. Our sales are primarily denominated in RM. We do not practise any fixed pricing policy, although the pricing for individual recurring customers may be maintained within a consistent range for a certain period. The selling prices of our products and services are determined and negotiated on a case-by-case basis, and may vary according to various factors such as raw materials/inputs prices, volume of order, and future prospects of recurring orders from our customers amongst others.

Revenue from this business segment contributed 6.24%, 6.93% and 5.21% of our Group's total revenue respectively for the Financial Years Under Review. We supply the flexible packaging materials primarily to local market. For the Financial Years Under Review, local market contributed 97.95%, 96.29% and 97.46% of our revenue derived from this business segment.

Our success is dependent on our ability to continually secure new orders from existing and new customers in relation to our three (3) business segments namely, food processing and packaging machinery solutions, trading of cellulose casings and manufacturing and trading of flexible packaging materials. Our products and services (after-sales maintenance and repair works), particularly in relation to our food processing and packaging machinery solutions business segment, are generally offered on a one-off basis customised in accordance with our customers' needs and specifications; whilst our sales for the manufacturing and trading of flexible packaging materials business segment are generally based on individual confirmed orders from our customers. For our trading of cellulose casings, although we have entered into supply contract with two of our major customers (namely, PT. Wonokoyo Jaya Corporindo and PT. Dagsap Endura Eatore), the actual sale delivery will still be subject to confirmation from the said customers. Please refer to Section 9.1.1 of this Prospectus for further details on the risk factor that our financial performance is dependent on our ability to continually secure new orders from existing and new customers.

11. FINANCIAL INFORMATION (cont'd)

(c) COS

Our COS consists of the following: -

(i) Raw materials/inputs costs

Raw materials/inputs costs represent our key cost component, accounting for 90.48%, 91.84% and 92.01% of our Group's total COS respectively for the Financial Years Under Review. Please refer to Section 7.18 of this Prospectus for further details of the raw materials/inputs consumed by us to be used in our business operations.

We source our raw materials/inputs from both local and foreign suppliers. We obtain quotations for the requisite raw materials/inputs from our suppliers before we submit our quotation to our customers. Actual purchases of raw materials/inputs will only be made upon confirmation of orders from our customers.

Due to the nature of our business where our products are customised according to our customers' orders, the raw materials/inputs consumed for each order vary in terms of type of machinery and components required by our customers. As such, the raw materials/inputs costs vary from one order to another depending on our customers' needs and requirements.

Food-safe metal is used for parts of machinery which has direct contact with food ingredients to be processed/packaged, whilst for other parts of machinery which are not exposed to food ingredients, the grade of metal to be used would be subject to customers' requirements and specifications and functionality.

(ii) Direct labour costs

Direct labour costs consist of payroll costs (such as salaries, wages, bonuses and statutory contributions) and other staff-related costs incurred in relation to our employees deployed in the production function (i.e. employees who are involved in the fabrication and assembly activities for the food processing and packaging machinery solutions business segment, as well as employees who are involved in the production for the manufacturing and trading of flexible packaging materials business segment). Direct labour costs accounting for 3.20%, 2.58% and 2.35% of our Group's total COS respectively for the Financial Years Under Review.

(iii) Overheads costs

Overheads costs mainly consist of payroll costs (such as salaries, wages, bonuses and statutory contributions) and other staff-related costs incurred in relation to our employees deployed in the ancillary/supporting functions for production activities (i.e. design and engineering, installation, warehouse, and logistics), depreciation of PPE used in the production activities, utilities costs, as well as upkeep and maintenance expenses amongst others.

(d) Other income

Other income mainly consists of foreign exchange gain, rental income, wage subsidy received from government, forfeiture of customer deposit and reversal of allowance for impairment losses on trade receivables.

11. FINANCIAL INFORMATION (cont'd)

(e) Selling and distribution costs

Selling and distribution costs mainly consist of payroll costs incurred in relation to employees deployed in the sales and marketing function, sales commission paid, travelling and accommodation expenses, as well as marketing and business development expenses.

(f) Administrative and other expenses

Administrative and other expenses mainly consist of payroll costs and other staff-related costs incurred in relation to employees deployed in the administrative and support functions (such as human resource and finance), depreciation and amortisation expenses, professional fees, allowances for impairment losses on trade receivables and PPE, as well as foreign exchange loss amongst others.

(g) Finance costs

Finance costs consist of interest expenses incurred on bank borrowings and credit facilities (comprising term loans, Tawarruq financing, revolving credit, bank overdraft and accepted bills), interest costs on lease liabilities, as well as bank charges and commitment fee.

(h) Recent developments

Save for the Pre-Listing Exercise, there were no other significant events subsequent to our Group's latest audited combined financial statements for the FYE 2022.

(i) Audit qualifications

Our audited combined financial statements for the Financial Years Under Review were not subjected to any audit qualifications.

(j) Accounting policies that are peculiar to our business

There are no accounting policies that are peculiar to our business as the nature of our business does not require any special accounting policies. Please refer to the Accountants' Report as set out in Section 12 of this Prospectus for further details on the accounting policies of our Group.

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11. FINANCIAL INFORMATION (cont'd)

11.2.2 Results of Our Operations

(i) Revenue

Analysis of revenue by business segment

The breakdown of our Group's revenue by business segment is as follows: -

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

Analysis of revenue by geographical location

The breakdown of our Group's revenue by geographical location is as follows: -

	Food processing and packaging machinery solutions		Trading of cellulose casings		Manufacturing and trading of flexible packaging materials		Total Revenue	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>FYE 2020</u>								
Malaysia	22,494	44.12	56	0.82	3,771	97.95	26,321	42.67
Foreign countries: -								
Indonesia	4,539	8.90	6,798	99.18	-	-	11,337	18.38
Philippines	17,465	34.26	-	-	-	-	17,465	28.31
USA	1,523	2.99	-	-	-	-	1,523	2.47
Myanmar	1,201	2.36	-	-	-	-	1,201	1.95
Others ⁽¹⁾	3,763	7.37	-	-	79	2.05	3,842	6.22
Subtotal	28,491	55.88	6,798	99.18	79	2.05	35,368	57.33
Total	50,985	100.00	6,854	100.00	3,850	100.00	61,689	100.00

11. FINANCIAL INFORMATION (cont'd)

	Food processing and packaging machinery solutions		Trading of cellulose casings		Manufacturing and trading of flexible packaging materials		Total Revenue	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
FYE 2021								
Malaysia	30,151	49.65	800	8.22	5,054	96.29	36,005	47.55
Foreign countries: -								
Indonesia	11,709	19.28	8,937	91.78	-	-	20,646	27.27
Philippines	12,131	19.97	-	-	-	-	12,131	16.02
USA	648	1.07	-	-	-	-	648	0.86
Myanmar	290	0.48	-	-	-	-	290	0.38
Others ⁽¹⁾	5,802	9.55	-	-	195	3.71	5,997	7.92
Subtotal	30,580	50.35	8,937	91.78	195	3.71	39,712	52.45
Total	60,731	100.00	9,737	100.00	5,249	100.00	75,717	100.00
FYE 2022								
Malaysia	38,892	53.59	-	-	4,525	97.46	43,417	48.72
Foreign countries: -								
Indonesia	20,428	28.15	11,902	100.00	-	-	32,330	36.28
Philippines	8,187	11.28	-	-	-	-	8,187	9.19
USA	138	0.19	-	-	-	-	138	0.15
Myanmar	12	0.02	-	-	96	2.07	108	0.12
Others ⁽¹⁾	4,912	6.77	-	-	22	0.47	4,934	5.54
Subtotal	33,677	46.41	11,902	100.00	118	2.54	45,697	51.28
Total	72,569	100.00	11,902	100.00	4,643	100.00	89,114	100.00

Note: -

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

Comparison between FYE 2020 and FYE 2021

Our Group's revenue increased by RM14.03 million or 22.74% to RM75.72 million for the FYE 2021 (FYE 2020: RM61.69 million), contributed by the growth in revenue from all of our business segments, as elaborated further below.

Food processing and packaging machinery solutions business segment remained to be our primary revenue contributor, generating RM60.73 million or 80.21% of our Group's total revenue for the FYE 2021 (FYE 2020: RM50.99 million or 82.65%), increased by RM9.74 million or 19.10% as compared to the FYE 2020. The increase was attributable to the following: -

- (i) increase in revenue derived from the local market amounting to RM7.66 million, primarily due to higher sales to food manufacturing and processing companies which were mainly driven by increased level of integration and automation as well as complexity of the specifications and requirements in relation to the food processing and packaging machinery solutions required by our customers, as there are growing demands for food manufacturing and processing companies

11. FINANCIAL INFORMATION (cont'd)

to integrate and automate their production activities to reduce reliance on manual labour and enhance efficiency; and

- (ii) overall increase in revenue derived from the overseas market amounting to RM2.09 million, mainly due to higher sales to customers based in Indonesia, which was partially offset by lower sales to customers based in the Philippines. The aforementioned fluctuations in revenue were mainly due to increased level of integration and automation as well as complexity of the specifications and requirements in relation to the food processing and packaging machinery solutions required by our customers. Our machinery solutions are customised in accordance to the individual customers' specifications and requirements and hence, our selling prices are not fixed and would fluctuate depending on the level of integration and automation as well as complexity of the customers' specifications and requirements.

Our trading of cellulose casings business segment generated RM9.74 million or 12.86% of our Group's total revenue for the FYE 2021 (FYE 2020: RM6.85 million or 11.11%), increased by RM2.89 million or 42.19% as compared to the FYE 2020. The increase was attributable to the following: -

- (i) overall increase in revenue derived from the overseas market amounting to RM2.14 million, mainly due to higher sales volume recorded from two (2) of our major customers based in Indonesia (namely PT. Wonokoyo Jaya Corporindo and PT. Dagsap Endura Eatore); and
- (ii) overall increase in revenue derived from the local market amounting to RM0.75 million, mainly due to higher sales volume received from two (2) local food processing and manufacturing companies.

Our manufacturing and trading of flexible packaging materials business segment generated RM5.25 million or 6.93% of our Group's total revenue for the FYE 2021 (FYE 2020: RM3.85 million or 6.24%), increased by RM1.40 million or 36.36% as compared to the FYE 2020. The improvement was mainly attributable to higher demands from the local market for our flexible packaging materials, with revenue increased by RM1.28 million or 33.95% to RM5.05 million for the FYE 2021 (FYE 2020: RM3.77 million); in line with the increase in our customer base for this business segment from over 80 transacted customers for the FYE 2020 to over 100 transacted customers for the FYE 2021. There is an increasing amount of food products in Malaysia that are packaged in the manner that are convenient for their consumers to consume or prepare. The increase in demand for these types of packaged food products is expected to lead to higher needs for various types of packaging materials and products.

Comparison between FYE 2021 and FYE 2022

Our Group's revenue increased by RM13.39 million or 17.68% to RM89.11 million for the FYE 2022 (FYE 2021: RM75.72 million), mainly due to higher revenue recorded for our food processing and packaging machinery solutions business segment and trading of cellulose casings business segment as elaborated further below.

Food processing and packaging machinery solutions business segment remained to be our primary revenue contributor, generating RM72.57 million or 81.43% of our Group's total revenue for the FYE 2022 (FYE 2021: RM60.73 million or 80.21%), increased by RM11.84 million or 19.50% as compared to the FYE 2021. The increase was attributable to the following: -

- (i) increase in revenue derived from the local market amounting to RM8.74 million, primarily due to higher sales to food manufacturing and processing companies which were mainly driven by increased level of integration and automation as well as complexity of the specifications and requirements in relation to the food processing and packaging machinery solutions required by our customers, as there are growing demands for food manufacturing and processing companies

11. FINANCIAL INFORMATION (cont'd)

to integrate and automate their production activities to reduce reliance on manual labour and enhance efficiency; and

- (ii) overall increase in revenue derived from the overseas market amounting to RM3.10 million, mainly due to higher sales to customers based in Indonesia, which was partially offset by lower sales to customers based in the Philippines. The aforementioned fluctuations in revenue were mainly due increased level of integration and automation as well as complexity of the specifications and requirements in relation to the food processing and packaging machinery solutions required by our customers. Our machinery solutions are customised in accordance to the individual customers' specifications and requirements and hence, our selling prices are not fixed and would fluctuate depending on the level of integration and automation as well as complexity of the customers' specifications and requirements.

Our trading of cellulose casings business segment generated RM11.90 million or 13.36% of our Group's total revenue for the FYE 2022 (FYE 2021: RM9.74 million or 12.86%), increased by RM2.16 million or 22.18% as compared to the FYE 2021. The increase was attributable to overall increase in revenue derived from the overseas market amounting to RM2.96 million, mainly due to higher sales recorded from two (2) of our major customers based in Indonesia (namely PT. Wonokoyo Jaya Corporindo and PT. Dagsap Endura Eatore) which were driven by increase in sales volume and increase in average selling prices and additional sales to a new customer based in Indonesia (namely, PT. Rama Putra). The improvement was, however, partially offset by the decrease in revenue from local market amounting to RM0.80 million; as a result of no recurring orders received from our local customers for the supply of cellulose casings.

Our manufacturing and trading of flexible packaging materials business segment generated RM4.64 million or 5.21% of our Group's total revenue for the FYE 2022 (FYE 2021: RM5.25 million or 6.93%), decreased by RM0.61 million or 11.62% as compared to the FYE 2021. The decrease was mainly due to lower orders received from the local market for our flexible packaging materials, with revenue reduced by RM0.52 million or 10.30% to RM4.53 million for the FYE 2022 (FYE 2021: RM5.05 million); in line with the decrease in our customer base for this business segment from over 100 transacted customers for the FYE 2021 to over 80 transacted customers for the FYE 2022.

(ii) COS, GP and GP margin**Analysis of COS by business segment**

The breakdown of our COS by business segment is as follows: -

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Food processing and packaging machinery solutions	33,972	82.59	39,455	78.65	46,467	79.22
Trading of cellulose casings	4,734	11.51	7,216	14.39	9,005	15.35
Manufacturing and trading of flexible packaging materials	2,429	5.90	3,492	6.96	3,183	5.43
Total	41,135	100.00	50,163	100.00	58,655	100.00

11. FINANCIAL INFORMATION (cont'd)**Analysis of COS by cost component**

The breakdown of our COS by cost component is as follows: -

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Raw materials/inputs costs	37,219	90.48	46,068	91.84	53,966	92.01
Direct labour costs	1,315	3.20	1,292	2.58	1,379	2.35
Overheads costs	2,601	6.32	2,803	5.58	3,310	5.64
Total	41,135	100.00	50,163	100.00	58,655	100.00

Analysis of GP and GP margin by business segment

GP	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Food processing and packaging machinery solutions	17,013	82.77	21,276	83.25	26,102	85.70
Trading of cellulose casings	2,120	10.32	2,521	9.87	2,897	9.51
Manufacturing and trading of flexible packaging materials	1,421	6.91	1,757	6.88	1,460	4.79
Total	20,554	100.00	25,554	100.00	30,459	100.00

GP margin	Audited		
	FYE 2020	FYE 2021	FYE 2022
	%	%	%
Food processing and packaging machinery solutions	33.37	35.03	35.97
Trading of cellulose casings	30.93	25.89	24.34
Manufacturing and trading of flexible packaging materials	36.91	33.47	31.45
Overall	33.32	33.75	34.18

Comparison between FYE 2020 and FYE 2021

Our Group's total COS increased by RM9.02 million or 21.93% to RM50.16 million for the FYE 2021 (FYE 2020: RM41.14 million), in line with the revenue growth from all of our business segments during the FYE 2021, mainly due to higher raw materials/input costs incurred amounting to RM8.85 million in order to fulfil the increase in customers' orders for all of our business segments during the FYE 2021.

Our Group's total GP increased by RM5.00 million or 24.33% to RM25.55 million for the FYE 2021 (FYE 2020: RM20.55 million); mainly in line with the revenue growth from all of our business segments for the aforesaid financial years.

11. FINANCIAL INFORMATION (cont'd)

Our Group's overall GP margin improved from 33.32% for the FYE 2020 to 33.75% for the FYE 2021, mainly due to better GP margin recorded by our food processing and packaging machinery solutions business segment. The selling prices and GP margin of our products and services are determined and negotiated on a case-by-case basis, and may vary according to various factors such as raw materials/inputs prices, our customers' specifications and requirements for the food processing and packaging machinery solutions, our customers' budget for capital expenditure, and delivery lead time amongst others. Our food processing and packaging machinery solutions business segment enjoyed improved GP margin for the FYE 2021, mainly due to better selling prices in line with our customers' expectations for higher automation and integration for their food processing and packaging production lines.

The better GP margin from our food processing and packaging machinery solutions business segment was, however, partially offset by lower GP margin from both our trading of cellulose casings business segment and manufacturing and trading of flexible packaging materials business segment mainly due to the following: -

- (a) overall increase in the raw materials/inputs costs of cellulose casings and flexible packaging films, of which we could not immediately and fully pass-on to our recurring customers, as we have entered into agreements with two of our major customers (namely, PT. Dagsap Endura Eatore and PT. Wonokoyo Jaya Corporindo) to supply cellulose casings at agreed selling prices; and
- (b) overall increase in the raw materials/inputs costs of flexible packaging films, of which we could not immediately and fully pass-on to our recurring customers in order to maintain a good business relationship. Any price revision would be negotiated with the recurring customers before implementation, to ensure our pricing remains competitive.

Comparison between FYE 2021 and FYE 2022

Our Group's total COS increased by RM8.50 million or 16.95% to RM58.66 million for the FYE 2022 (FYE 2021: RM50.16 million), in line with the revenue growth from our food processing and packaging machinery solutions business segment and trading of cellulose casings business segment for the FYE 2022, primarily attributable to the following: -

- (a) higher raw materials/inputs costs incurred amounting to RM7.90 million, in order to fulfil the increase in customers' orders for our food processing and packaging machinery solutions business segment and trading of cellulose casing business segment during the FYE 2022; and
- (b) higher overheads costs incurred amounting to RM0.51 million, mainly due to overall increase in staff costs resulting from additional employees deployed in the ancillary/supporting functions for production activities (such as design and engineering, installation, warehouse, and logistics) particularly for our food processing and packaging machinery solutions business segment.

Our Group's total GP increased by RM4.91 million or 19.22% to RM30.46 million for the FYE 2022 (FYE 2021: RM25.55 million); mainly in line with the revenue growth from our food processing and packaging machinery solutions business segment and trading of cellulose casings business segment for the FYE 2022.

Our Group's overall GP margin improved from 33.75% for the FYE 2021 to 34.18% for the FYE 2022, mainly due to better GP margin recorded by our food processing and packaging machinery solutions business segment in line with our customers' expectations for higher automation and integration for their food processing and packaging production lines, where we were able to command better selling prices.

11. FINANCIAL INFORMATION (cont'd)

The better GP margin from our food processing and packaging machinery solutions business segment was, however, partially offset by lower GP margin from both of our trading of cellulose casings business segment and manufacturing and trading of flexible packaging materials business segment mainly due to the following: -

- (a) overall increase in the raw materials/inputs costs of cellulose casings, of which we could not immediately and fully pass-on to our recurring customers, as we have entered into agreements with two of our major customers (namely, PT. Dagsap Endura Eatore and PT. Wonokoyo Jaya Corporindo) to supply cellulose casings at agreed selling prices; and
- (b) overall increase in the raw materials/inputs costs of flexible packaging films, of which we could not immediately and fully pass-on to our recurring customers in order to maintain a good business relationship. Any price revision would be negotiated with the recurring customers before implementation, to ensure our pricing remains competitive.

(iii) Other income

The breakdown of our Group's other income is as follows: -

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Forfeiture of customers' deposits ⁽¹⁾	-	-	-	-	906	35.17
Foreign exchange gain	339	30.71	242	19.97	391	15.18
Gain on disposal of PPE	55	4.98	45	3.71	47	1.82
Rental income ⁽²⁾	251	22.74	287	23.68	196	7.61
Reversal of accruals ⁽³⁾	-	-	-	-	233	9.05
Reversal of allowance for impairment losses on trade receivables	15	1.36	73	6.02	525	20.38
Reversal of write-down of inventories	10	0.91	93	7.67	6	0.23
Scrap income ⁽⁴⁾	57	5.16	25	2.06	28	1.09
Government wage subsidies ⁽⁵⁾	297	26.90	290	23.93	93	3.61
Others ⁽⁶⁾	80	7.24	157	12.96	151	5.86
Total	1,104	100.00	1,212	100.00	2,576	100.00

Notes: -

- (1) Consist of deposits from customers forfeited upon cancellation of sales.
- (2) Consist of rental income derived from sub-lease of PPEs, factory and warehouse spaces, as well as office spaces.
- (3) Represents reversal of excess costs accrued in prior year.
- (4) Consist of proceeds from disposal of scrap metals.
- (5) Represents a temporary financial assistance programme by the Government introduced to assist small and medium enterprises as a result of COVID-19 pandemic.
- (6) Mainly consist of commission received from our supplier, insurance claims, interest income, reimbursement of transportation charges and out-of-pocket expenses, as well as incentives/grants from Malaysia External Trade Development Corporation.

11. FINANCIAL INFORMATION (cont'd)**Comparison between FYE 2020 and FYE 2021**

Our Group's other income increased by RM0.11 million or 10.00% to RM1.21 million for the FYE 2021 (FYE 2020: RM1.10 million), mainly attributable to the following: -

- (i) increase in reversal of allowance for impairment losses on receivables amounting to RM0.06 million during the financial year; and
- (ii) increase in reversal of write-down of inventories amounting to RM0.08 million during the financial year, as some of the idle inventories (comprising stand-alone machines and components) previously written down have been utilised and sold at higher values during the financial year.

Comparison between FYE 2021 and FYE 2022

Our Group's other income increased by RM1.37 million or 113.22% to RM2.58 million for the FYE 2022 (FYE 2021: RM1.21 million), mainly attributable to the following: -

- (i) forfeiture of customers' deposits amounting to RM0.91 million upon cancellation of sales recorded during the financial year;
- (ii) additional reversal of excess costs accrued in prior years amounting to RM0.23 million, mainly due to over-estimation of staff incentives in prior years of which the actual sums awarded and paid were lower where the differential sum was being reversed during the financial year; and
- (iii) increase in reversal of allowance for impairment losses on receivables amounting to RM0.45 million during the financial year, upon collection of past due balances from our trade receivables.

The above increases were, however, partially offset by the decrease in government wage subsidies received amounting to RM0.20 million, as the temporary financial assistance programme by the Government introduced to assist small and medium enterprises as a result of COVID-19 pandemic was gradually phased-out.

(iv) Selling and distribution costs

The breakdown of our Group's selling and distribution costs is as follows: -

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Marketing and promotional costs ⁽¹⁾	11	0.23	40	1.10	970	12.68
Sales commission ⁽²⁾	2,603	54.14	1,263	34.68	2,594	33.90
Staff costs	1,554	32.32	1,629	44.73	2,635	34.44
Transport and forwarding charges	111	2.31	89	2.44	199	2.60
Travelling and accommodation costs	269	5.59	357	9.80	725	9.48
Others ⁽³⁾	260	5.41	264	7.25	528	6.90
Total	4,808	100.00	3,642	100.00	7,651	100.00

Notes: -

- (1) *Mainly consist of costs incurred for participation in exhibitions and trade fairs and fees paid to PT Bestworld Perkasa to promote and market our food processing and packaging manufacturing solutions in Indonesia.*
- (2) *Consist of sales commission paid to our staff and business associates who referred customers and sales to our Group.*
- (3) *Mainly consist of insurance and road tax, staff welfare, as well as upkeep and maintenance expenses.*

11. FINANCIAL INFORMATION (cont'd)**Comparison between FYE 2020 and FYE 2021**

Our Group's selling and distribution costs decreased by RM1.17 million or 24.32% to RM3.64 million for the FYE 2021 (FYE 2020: RM4.81 million). The decrease was mainly due to drop in sales commission amounting to RM1.34 million, as a result of over-accrual of sales commission in prior years being reversed during the financial year. The accrued sales commissions were mainly in relation to customers and sales referred to our Group by Easypreneur Dev Sdn. Bhd., which were pending finalisation and payment. As Easypreneur Dev Sdn. Bhd. has resolved to cease its business operations, our Group and Easypreneur Dev Sdn. Bhd. have mutually agreed that the accrued sales commissions shall no longer be applicable and payable and accordingly, a reversal was accounted for during FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our Group's selling and distribution costs increased by RM4.01 million or 110.16% to RM7.65 million for the FYE 2022 (FYE 2021: RM3.64 million). The increase was mainly attributable to the following: -

- (i) higher sales commission of RM1.33 million, mainly due to non-recurrence of one-off reversal of over-accrued sales commission accounted for in prior year;
- (ii) higher staff costs of RM1.01 million, mainly due to increase in eight (8) newly recruited personnel including one of our Key Senior Management (namely, Goh Toh Sin), annual salary increments granted to our staff as well as higher bonus granted to our staff in line with the improved financial performance of our Group;
- (iii) higher marketing and promotional costs of RM0.93 million, mainly due to increased advertising activities and participation in exhibitions and trade fairs during the financial year under review as well as additional fees paid to PT Bestworld Perkasa to promote and market our food processing and packaging machinery solutions in Indonesia;
- (iv) higher travelling and accommodation costs of RM0.37 million as a result of increase in business trips by our employees for sales and marketing purposes, in line with the uplifting of movement control and re-opening of countries' borders following the gradual transition of COVID-19 pandemic into endemic phase; and
- (v) higher other costs of RM0.26 million, mainly due to higher expenses incurred for food and beverages and entertainment in line with the increase in business trips by our employees for sales and marketing purposes, higher insurance expenses mainly on motor vehicles, as well as additional depreciation charges in relation to motor vehicles.

11. FINANCIAL INFORMATION (cont'd)**(v) Administrative and other expenses**

The breakdown of our Group's administrative and other expenses is as follows: -

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Depreciation and amortisation ⁽¹⁾	983	11.34	995	11.14	1,176	12.43
Foreign exchange loss	371	4.28	227	2.54	225	2.38
Impairment losses on:						
- Receivables ⁽²⁾	125	1.44	939	10.51	605	6.39
- PPE ⁽³⁾	516	5.95	-	-	-	-
Professional fees	273	3.15	233	2.61	750	7.93
Road tax and insurance	254	2.93	205	2.29	199	2.10
Staff costs	4,701	54.22	4,799	53.72	4,726	49.95
Travelling and accommodation costs	229	2.64	92	1.03	141	1.49
Upkeep and maintenance expenses	240	2.77	251	2.81	403	4.26
Utilities costs	335	3.86	321	3.59	343	3.63
Others ⁽⁴⁾	643	7.42	872	9.76	893	9.44
Total	8,670	100.00	8,934	100.00	9,461	100.00

Notes: -

- (1) Consist of depreciation and amortisation of PPE, right-of-use assets and intangible assets used in the administrative and support functions.
- (2) We assess the collectability of trade receivables on an individual customer basis and provide for impairment loss on receivables in the following manner: -
- (i) simplified approach using a provisional matrix to estimate lifetime expected credit loss in accordance with MFRS 9 Financial Instruments; and
- (ii) specific allowance for impairment on overdue balances where recoverability is ascertained to be uncertain based on our dealings with the customer.
- (3) Represents impairment loss on damaged machinery in our PPE.
- (4) Mainly consist of gifts and donations, staff welfare, and office expenses.

Comparison between FYE 2020 and FYE 2021

Our Group's administrative and other expenses increased by RM0.26 million or 3.00% to RM8.93 million for the FYE 2021 (FYE 2020: RM8.67 million). The increase was mainly due to additional allowance for impairment loss on receivables of RM0.81 million accounted for in accordance with MFRS 9 *Financial Instruments*, which was partially offset by non-recurrence of impairment loss on PPE during the financial year (FYE 2020: RM0.52 million).

Comparison between FYE 2021 and FYE 2022

Our Group's administrative and other expenses increased by RM0.53 million or 5.94% to RM9.46 million for the FYE 2022 (FYE 2021: RM8.93 million). The increase was mainly attributable to the following: -

- (i) higher professional fees of RM0.52 million, primarily due to expenses in relation to our Listing;
- (ii) higher depreciation and amortisation of RM0.18 million, in line with new additions of office and computer equipment during the financial year; and

11. FINANCIAL INFORMATION (cont'd)

- (iii) higher upkeep and maintenance expenses of RM0.15 million, primarily for our office buildings and office equipment.

The above increases were partially offset by lower allowance for impairment loss on receivables amounting to RM0.33 million during the financial year.

(vi) Finance costs

The breakdown of our Group's finance costs is as follows: -

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Interest expenses on:						
- accepted bills	-	-	-	-	8	2.33
- bank overdraft	1	0.23	*	#	4	1.16
- lease liabilities	93	21.23	59	17.51	63	18.31
- revolving credit	32	7.31	28	8.31	9	2.62
- term loans (inclusive of Tawarruq financing)	197	44.98	137	40.65	155	45.05
Bank charges and commitment fee	115	26.25	113	33.53	105	30.53
Total	438	100.00	337	100.00	344	100.00

Notes: -

* *Less than RM1,000.*

Negligible.

Comparison between FYE 2020 and FYE 2021

Our Group's finance costs decreased by RM0.10 million or 22.73% to RM0.34 million in the FYE 2021 (FYE 2020: RM0.44 million), mainly due to lower interest expense on term loans and lease liabilities as a result of repayments made during the financial year.

Comparison between FYE 2021 and FYE 2022

Our Group's finance costs stood at RM0.34 million for the FYE 2022, remained relatively constant as compared to the FYE 2021. Higher interest expenses on term loans were recorded during the financial year, in line with the new drawdown of Tawarruq financing. The increase was, however, partially offset by reduced interest expenses on short-term credit facilities (comprising accepted bills, bank overdrafts and revolving credit).

(vii) Profit and taxation

PBT and PBT margin

	Audited		
	FYE 2020	FYE 2021	FYE 2022
PBT (RM'000)	7,742	13,853	15,579
PBT margin (%)	12.55	18.30	17.48

11. FINANCIAL INFORMATION (cont'd)Taxation and effective tax rate

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Current income tax:			
- current year income tax	1,326	2,395	2,206
- under/(over) provision in prior year	65	(597)	(471)
	1,391	1,798	1,735
Deferred tax:			
- origination of temporary differences	95	114	1,750
- (over)/under provision in prior year	(42)	15	(188)
	53	129	1,562
Total tax expenses	1,444	1,927	3,297
Effective tax rate (%)	18.65	13.91	21.16
Statutory tax rate (%)			
• on the first RM600,000 of chargeable income ⁽¹⁾	17.00	17.00	17.00
• balance of chargeable income	24.00	24.00	24.00

Note: -

(1) *Applicable to company with paid-up capital not more than RM2.50 million. Upon completion of the Pre-Listing Exercise, our Group will no longer enjoy this preferential tax rate.*

PAT and PAT margin

	Audited		
	FYE 2020	FYE 2021	FYE 2022
PAT (RM'000)	6,298	11,926	12,282
PAT margin (%)	10.21	15.75	13.78

Comparison between FYE 2020 and FYE 2021

Our Group's PBT increased by RM6.11 million or 78.94% to RM13.85 million for the FYE 2021 (FYE 2020: RM7.74 million), mainly attributable to the growth in our GP and decrease in selling and distribution costs as explained in Sections 11.2.2(ii) and 11.2.2(iv) of this Prospectus respectively.

Our PBT margin improved to 18.30% for the FYE 2021 (FYE 2020: 12.55%), mainly contributed by the following: -

- (i) improved GP margin for the FYE 2021;
- (ii) decrease in selling and distribution costs for the FYE 2021; and
- (iii) no significant fluctuations recorded for other income, administrative and other expenses, as well as finance costs for the FYE 2021; notwithstanding the overall growth in our revenue.

Our Group's total tax expenses increased by RM0.49 million or 34.03% to RM1.93 million for the FYE 2021 (FYE 2020: RM1.44 million), mainly due to higher provision of current year income tax in line with the higher PBT recorded by our Group's subsidiaries incorporated and domiciled in Malaysia. The increase was, however, partially offset by the over-provision of income tax in prior year adjusted for during the FYE 2021; mainly due to the actual tax rate applicable to one of our subsidiaries

11. FINANCIAL INFORMATION (cont'd)

(namely, BW Perkasa Labuan) was lower than the tax estimation made in prior year based on statutory tax rate of 24.00%.

Our Group's effective tax rate stood at 13.91% for the FYE 2021, lower as compared to 18.65% in the FYE 2020 and statutory tax rate, mainly attributable to the following: -

- (i) PBT generated by our indirect subsidiary, BW Perkasa UAE was not subject to income tax within the jurisdiction of UAE pursuant to the tax exemption provided under the Ras Al-Khaimah International Corporate Centre Business Companies Regulations 2018;
- (ii) PBT generated by our subsidiary, BW Perkasa Labuan was subject to income tax at 3.00% under the Labuan Business Activity Tax Act 1990; and
- (iii) over-provision of income tax in prior year adjusted for during the FYE 2021.

Our Group's PAT increased by RM5.63 million or 89.37% to RM11.93 million for the FYE 2021 (FYE 2020: RM6.30 million), in line with the growth in PBT (which was mainly due to growth in GP and decrease in selling and distribution costs).

Our PAT margin improved to 15.75% for the FYE 2021 (FYE 2020: 10.21%), in line with the following: -

- (i) improved PBT margin, mainly due to improved GP margin, decrease in selling and distribution costs, and there were no significant fluctuations recorded for other income, administrative and other expenses as well as finance costs notwithstanding the overall growth in revenue; and
- (ii) lower effective tax rate, mainly due to tax exemption applicable to BW Perkasa UAE, lower tax rate applicable to BW Perkasa Labuan, and over-provision of income tax in prior year.

Comparison between FYE 2021 and FYE 2022

Our Group's PBT increased by RM1.73 million or 12.49% to RM15.58 million for the FYE 2022 (FYE 2021: RM13.85 million), mainly attributable to the growth in our GP and increase in other income as explained in Sections 11.2.2(ii) and 11.2.2(iii) of this Prospectus respectively. The aforementioned increases were, however, partially offset by the overall increase in selling and distribution costs as well as administrative and other expenses as elaborated in Sections 11.2.2(iv) and 11.2.2(v) of this Prospectus respectively.

Our PBT margin decreased to 17.48% for the FYE 2022 (FYE 2021: 18.30%), mainly due to overall increase in selling and distribution costs as well as administrative and other expenses; which was partially offset by the improvement in GP margin and increase in other income during the financial year.

Our Group's total tax expenses increased by RM1.37 million or 70.98% to RM3.30 million for the FYE 2022 (FYE 2021: RM1.93 million), mainly due to additional provision of deferred tax in relation to the undistributed profits of our indirect subsidiary, BW Perkasa UAE; which upon distribution and repatriation of funds into Malaysia, will be subject to prevailing income tax as foreign source dividend income pursuant to tax ruling that came into effect on 1 January 2022. The aforementioned increase was, however, partially offset by the over-provision of income tax and deferred tax in prior year adjusted for during the FYE 2022.

Our Group's effective tax rate stood at 21.16% for the FYE 2022, higher as compared to 13.91% in the FYE 2021; mainly due to higher provision of deferred tax arising from additional provision of deferred tax in relation to the undistributed profits of our indirect subsidiary, BW Perkasa UAE. Our Group's effective tax rate for the FYE 2022 was

11. FINANCIAL INFORMATION (cont'd)

lower as compared to the statutory tax rate, mainly due to over-provision of income tax and deferred tax in prior year adjusted for during the FYE 2022.

Our Group's PAT increased by RM0.35 million or 2.93% to RM12.28 million for the FYE 2022 (FYE 2021: RM11.93 million), in line with the growth in PBT (which was mainly due to growth in our GP and increase in other income, partially offset by the overall increase in selling and distribution costs as well as administrative and other expenses).

Our PAT margin decreased to 13.78% for the FYE 2022 (FYE 2021: 15.75%), as a result of: -

- (i) lower PBT margin, mainly due to overall increase in selling and distribution costs as well as administrative and other expenses; which was partially offset by the improvement in GP margin and increase in other income during the financial year; and
- (ii) higher effective tax rate, mainly due to higher provision of deferred tax.

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11. FINANCIAL INFORMATION (cont'd)**11.2.3 Review of Financial Positions****(i) Assets**

Our Group's assets are as follows: -

	Audited		
	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
Non-current assets			
PPE	10,828	11,648	11,469
Right-of-use assets	6,735	5,184	5,685
Intangible assets	7	33	25
	17,570	16,865	17,179
Current assets			
Inventories	9,829	13,426	13,969
Trade receivables	11,877	11,720	9,121
Other receivables	3,974	6,817	11,147
Tax recoverable	204	85	380
Fixed deposits with a licensed bank	-	5	456
Cash and bank balances	14,203	20,134	31,544
	40,087	52,187	66,617
Total assets	57,657	69,052	83,796

Comparison between 31 December 2020 and 31 December 2021

Our Group's total assets increased by RM11.39 million or 19.75% to RM69.05 million as at 31 December 2021 (31 December 2020: RM57.66 million), mainly due to higher current assets which was attributable to the following: -

- (i) increase in inventories of RM3.60 million, primarily due to purchases made for orders delivered/fulfilled subsequent to the year-end;
- (ii) increase in other receivables of RM2.85 million, primarily due to higher advance payments made to suppliers in respect of future purchases of machines and parts to be used for fabrication, assembly and integration of our food processing and packaging machinery solutions; to cater for customers' orders received and to be fulfilled subsequent to the financial year-end;
- (iii) increase in cash and bank balances of RM5.93 million, in line with our improved financial performance and cash inflows from operating activities during the FYE 2021; and
- (iv) increase in in intangible assets of RM0.03 million due to purchases of computer software.

Comparison between 31 December 2021 and 31 December 2022

Our Group's total assets increased by RM14.75 million or 21.36% to RM83.80 million as at 31 December 2022 (31 December 2021: RM69.05 million), mainly attributable to the following: -

- (i) increase in other receivables of RM4.33 million, primarily due to higher advance payments made to suppliers in respect of future purchases of machines and parts to be used for fabrication, assembly and integration of our food processing and packaging machinery solutions as well as cellulose

11. FINANCIAL INFORMATION (cont'd)

casings; to cater for customers' orders received and to be fulfilled subsequent to the financial year-end; and

- (ii) increase in cash and bank balances of RM11.41 million, in line with our improved financial performance and cash inflows from operating activities during the FYE 2022, which was partially offset by the decrease in intangible assets of RM0.01 million due to the amortisation charge in relation to computer software.

The abovementioned increases in current assets were partially offset by the decrease in trade receivables of RM2.60 million, mainly due to good collection from customers and increased sum of deposits received from customers for our food processing and packaging machinery solutions business segment.

(ii) Liabilities

Our Group's liabilities are as follows: -

	Audited		
	As at 31 December		
	2020 RM'000	2021 RM'000	2022 RM'000
Non-current liabilities			
Deferred tax liabilities	767	895	2,458
Bank borrowings	3,065	2,055	3,209
Lease liabilities	710	306	809
	4,542	3,256	6,476
Current liabilities			
Bank borrowings	1,065	2,107	1,421
Lease liabilities	846	325	489
Trade payables	3,662	4,119	3,522
Other payables	16,934	22,699	29,081
Amount owing to directors ⁽¹⁾	3,259	3,206	6
Current tax liabilities	900	968	342
Dividend payable	2,910	2,371	-
	29,576	35,795	34,861
Total liabilities	34,118	39,051	41,337

Note: -

(1) As at the LPD, amount owing to directors have been fully settled.

Comparison between 31 December 2020 and 31 December 2021

Our Group's total liabilities increased by RM4.93 million or 14.45% to RM39.05 million as at 31 December 2021 (31 December 2020: RM34.12 million), mainly due to increase in other payables of RM5.77 million resulting from higher sum of deposits received from customers for our food processing and packaging machinery solutions business segment.

The abovementioned increase was, however, partially offset by the following: -

- (i) overall decrease in bank borrowings and lease liabilities aggregating to RM0.89 million as a result of repayments made during the FYE 2021; and
- (ii) overall decrease in dividend payable of RM0.54 million, in line with higher amount of dividends paid during the FYE 2021.

11. FINANCIAL INFORMATION (cont'd)

Comparison between 31 December 2021 and 31 December 2022

Our Group's total liabilities increased by RM2.29 million or 5.86% to RM41.34 million as at 31 December 2022 (31 December 2021: RM39.05 million), mainly attributable to the following: -

- (i) increase in deferred tax liabilities of RM1.56 million, as a result of additional provision of deferred tax in relation to the undistributed profits of our indirect subsidiary, BW Perkasa UAE as explained above in Section 11.2.2(vii) of this Prospectus;
- (ii) overall increase in bank borrowings and lease liabilities aggregating to RM1.14 million, as a result of new drawdown of Tawarruq financing and additional hire purchases entered into during the FYE 2022; and
- (iii) increase in other payables of RM6.38 million resulting from higher sum of deposits received from customers for our food processing and packaging machinery solutions business segment after offsetting the forfeiture of customers' deposits amounting to RM0.91 million during the FYE 2022.

The abovementioned increases were, however, partially offset by the following: -

- (i) decrease in amount owing to directors of RM3.20 million, as a result of repayments made during the FYE 2022; and
- (ii) decrease in dividend payable of RM2.37 million, as the outstanding dividend payable from prior year was settled during the FYE 2022 and the lower dividend declared during the FYE 2022 was fully settled within the same year.

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11. FINANCIAL INFORMATION (cont'd)**11.2.4 Review of Cash Flows**

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Net cash generated from operating activities	8,649	13,117	14,688
Net cash used in investing activities	(2,069)	(376)	(820)
Net cash used in financing activities	(6,401)	(7,320)	(2,500)
Net increase in cash and cash equivalents	179	5,421	11,368
Effects of foreign exchange difference on cash and cash equivalents	(6)	515	493
Cash and cash equivalents at beginning of year	14,030	14,203	20,139
Cash and cash equivalents at end of year	14,203	20,139	32,000
Details of the cash and cash equivalents:			
Fixed deposits with a licensed bank	-	5	456
Cash and bank balances	14,203	20,134	31,544
	14,203	20,139	32,000

(a) Net cash from operating activities**FYE 2020**

For the FYE 2020, our net cash generated from operating activities of RM8.65 million was attributable to the following: -

- Cash inflows
 - (i) operating profit before working capital changes of RM10.13 million which was derived from PBT of RM7.74 million and after adjusting for the following: -
 - (aa) non-cash items such as depreciation of PPE and right-of-use assets, amortisation of intangible assets, deposits received forfeited, gain on disposal of PPE, impairment loss on PPE, net addition of allowance for impairment loss, unrealised gain on foreign exchange and net write-down in value of inventories; which in aggregate, rounding to RM1.98 million; and
 - (bb) net interest expenses of RM0.41 million (being interest expenses less interest income);
 - (ii) decrease in trade and other receivables amounting to RM5.76 million, mainly due to collections received from our customers and lower sum of advance payments to suppliers as at end of the FYE 2020 in respect of future purchases; and
 - (iii) increase in amount owing to directors amounting to RM3.11 million due to advances from directors for working capital purposes.
- Cash outflows
 - (i) increase in inventories amounting to RM4.34 million in order to cater for sales orders to be delivered/fulfilled subsequent to the year-end;
 - (ii) decrease in trade and other payables amounting to RM4.96 million, mainly due to payments made to our suppliers and lower sum of

11. FINANCIAL INFORMATION (cont'd)

deposits received from customers as at end of the FYE 2020 in respect of future sales; and

- (iii) interest and tax paid amounting RM0.44 million and RM0.61 million respectively during the FYE 2020.

FYE 2021

For the FYE 2021, our net cash generated from operating activities of RM13.12 million was attributable to the following: -

- Cash inflows
 - (i) operating profit before working capital changes of RM16.14 million which was derived from PBT of RM13.85 million and after adjusting for the following: -
 - (aa) non-cash items such as depreciation of PPE and right-of-use assets, amortisation of intangible assets, gain on disposal of PPE, gain on derecognition of right-of-use assets, PPE written off, net addition of allowance for impairment loss, unrealised gain on foreign exchange and net write-down in value of inventories; which in aggregate, rounding to RM2.00 million; and
 - (bb) net interest expenses of RM0.29 million (being interest expenses less interest income); and
 - (ii) increase in trade and other payables amounting to RM5.89 million, mainly due to higher sum of deposits received from our customers as at end of the FYE 2021 in respect of future sales.
- Cash outflows
 - (i) increase in inventories amounting to RM3.58 million in order to cater for sales orders to be delivered/fulfilled subsequent to the year-end;
 - (ii) increase in trade and other receivables amounting to RM3.30 million, mainly due to higher sum of advance payments to our suppliers as at end of the FYE 2021 in respect of future purchases of machines and parts to be used for fabrication, assembly and integration of our food processing and packaging machinery solutions; to cater for customers' orders received and to be fulfilled subsequent to the financial year-end;
 - (iii) decrease in amount owing to directors amounting to RM0.05 million due to partial repayment made; and
 - (iv) interest and net tax paid amounting to RM0.34 million and RM1.64 million respectively during the FYE 2021.

FYE 2022

For the FYE 2022, our net cash generated from operating activities of RM14.69 million was attributable to the following: -

- Cash inflows
 - (i) operating profit before working capital changes of RM16.92 million which was derived from PBT of RM15.58 million and after adjusting for the following: -

11. FINANCIAL INFORMATION (cont'd)

- (aa) non-cash items such as depreciation of PPE and right-of-use assets, amortisation of intangible assets, deposits received forfeited, gain on disposal of PPE, PPE written off, net addition of allowance for impairment loss, unrealised gain on foreign exchange, write-off of inventories, and net write-down in value of inventories; which in aggregate, rounding to RM1.00 million; and
- (bb) net interest expenses of RM0.34 million (being interest expenses less interest income); and
- (ii) increase in trade and other payables amounting to RM6.58 million, mainly due to higher sum of deposits received from our customers as at end of the FYE 2022 in respect of future sales after offsetting the forfeiture of customers' deposits amounting to RM0.91 million during the FYE 2022.
- Cash outflows
 - (i) increase in inventories amounting to RM0.82 million in order to cater for sales orders to be delivered/fulfilled subsequent to the year-end;
 - (ii) increase in trade and other receivables amounting to RM1.79 million, mainly due to higher sum of advance payments to our suppliers as at end of the FYE 2022 in respect of future purchases of machines and parts to be used for fabrication, assembly and integration of our food processing and packaging machinery solutions as well as cellulose casings; to cater for customers' orders received and to be fulfilled subsequent to the financial year-end;
 - (iii) decrease in amount owing to directors amounting to RM3.20 million due to repayments made to directors; and
 - (iv) interest and tax paid amounting to RM0.34 million and RM2.66 million respectively during the FYE 2022.

(b) Net cash used in investing activities

FYE 2020

For the FYE 2020, our net cash used in investing activities of RM2.07 million was mainly attributable to payments for purchases of PPE and intangible assets (namely, computer software) aggregating to RM2.16 million, primarily in relation to additions of machinery and equipment to be used for our fabrication and assembly activities. Higher additions of PPE for the FYE 2020 were mainly due to one-off acquisition of machinery and equipment aggregating to RM1.28 million from EC Trading System Sdn. Bhd. (formerly known as Easy Pack Technology Sdn. Bhd.) by EP Machinery. Please refer to Section 10.1.1, Note (2) of this Prospectus for further details.

The abovementioned cash outflows were partially offset by the following: -

- (i) proceeds received from the disposal of motor vehicles amounting to RM0.06 million; and
- (ii) interest received of RM0.03 million.

FYE 2021

For the FYE 2021, our net cash used in investing activities of RM0.38 million was mainly attributable to payments for purchases of PPE and intangible assets (namely, computer software) aggregating to RM0.49 million, primarily in relation to additions of

11. FINANCIAL INFORMATION (cont'd)

office equipment, motor vehicles and computer software to be used for our business operations.

The abovementioned cash outflows were partially offset by the following: -

- (i) proceeds received from the disposal of motor vehicles and machinery aggregating to RM0.06 million; and
- (ii) interest received of RM0.05 million.

FYE 2022

For the FYE 2022, our net cash used in investing activities of RM0.82 million was mainly attributable to payments for purchases of PPE, right-of-use assets and intangible assets (namely, computer software) aggregating to RM0.88 million, primarily in relation to additions of machinery and equipment to be used for our fabrication and assembly activities, motor vehicle, office equipment and computer software to be used for our business operations, as well as renovation cost for our factory and office premises.

The abovementioned cash outflows were partially offset by the following: -

- (i) proceeds received from the disposal of motor vehicles and office equipment aggregating to RM0.05 million; and
- (ii) interest received of RM0.01 million.

(c) Net cash used in financing activities

FYE 2020

For the FYE 2020, our net cash used in financing activities of RM6.40 million was attributable to the following: -

- (i) net repayment of bank borrowings amounting to RM1.69 million;
- (ii) net repayment of lease liabilities amounting to RM0.69 million mainly for the repayment of hire purchase; and
- (iii) dividends paid to shareholders of our Group during the year amounting to RM4.02 million.

FYE 2021

For the FYE 2021, our net cash used in financing activities of RM7.32 million was mainly attributable to the following: -

- (i) net repayment of lease liabilities amounting to RM1.10 million mainly for the repayment of hire purchase; and
- (ii) dividends paid to shareholders of our Group during the year amounting to RM6.25 million.

The abovementioned cash outflows were partially offset by net drawdown of bank borrowings amounting to RM0.03 million.

FYE 2022

For the FYE 2022, our net cash used in financing activities of RM2.50 million was mainly attributable to the following: -

11. FINANCIAL INFORMATION (cont'd)

- (i) net repayment of lease liabilities amounting to RM0.40 million mainly for the repayment of hire purchase; and
- (ii) dividends paid to shareholders of our Group during the year amounting to RM2.57 million.

The abovementioned cash outflows were partially offset by net drawdown of bank borrowings amounting to RM0.47 million.

There is no legal, financial or economic restriction on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances.

11.3 CAPITALISATION AND INDEBTEDNESS

The following table summarises our pro forma capitalisation and indebtedness as at 31 July 2023 based on our unaudited combined statements of financial position as at 31 July 2023 and after adjusting for the effects of the Pre-Listing Exercise and the effects of the Public Issue and utilisation of proceeds: -

	Unaudited as at 31 July 2023 RM'000	Pro Forma I	Pro Forma II	Pro Forma III
		After the Pre-Listing Exercise RM'000	After Pro Forma I and Public Issue RM'000	After Pro Forma II and utilisation of proceeds RM'000
Indebtedness				
Current				
Secured and guaranteed: -				
Term loans	-	686	686	[•]
Tawarruq financing	-	370	370	[•]
Accepted bills	-	1,395	1,395	[•]
Lease liabilities	-	198	198	[•]
	-	2,649	2,649	[•]
Unsecured and unguaranteed: -				
Lease liabilities	-	217	217	[•]
	-	2,866	2,866	[•]
Non-current				
Secured and guaranteed: -				
Term loans	-	1,400	1,400	[•]
Tawarruq financing	-	1,208	1,208	[•]
Lease liabilities	-	382	382	[•]
	-	2,990	2,990	[•]
Unsecured and unguaranteed: -				
Lease liabilities	-	154	154	[•]
	-	3,144	3,144	[•]
Total indebtedness	-	6,010	6,010	[•]
Shareholders' equity/ Total capitalisation	(712)	45,919	[•]	[•]
Total capitalisation and indebtedness	(712)	51,929	[•]	[•]
Gearing ratio⁽¹⁾ (times)	N/A	0.13	[•]	[•]

Note: -

(1) Calculated based on the total indebtedness divided by shareholders' equity/total capitalisation.

11. FINANCIAL INFORMATION (cont'd)

11.4 SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL POSITION AND RESULTS OF OPERATIONS

Section 9 of this Prospectus details the risk factors relating to our business and the industry in which we operate. Our financial position and results of operations have been, and are expected to be, affected by the following significant factors: -

(i) Dependency on our ability to continually secure new orders from existing and new customers

Our success is dependent on our ability to continually secure new orders from existing and new customers. Our products and services (after-sales maintenance and repair works), particularly in relation to our food processing and packaging machinery solutions business segment, are generally offered on a one-off basis customised in accordance with our customers' needs and specifications. Our contract with customer, if any, is generally for a short period of up to two (2) years; where the actual sale delivery will still be subject to confirmed order from our customer.

Notwithstanding that we have enjoyed favourable growth in revenue during the Financial Years Under Review, there can be no assurance that we will be able to sustain the revenue size and/or rate of growth in the future. In the event we are unable to continually secure adequate new orders from existing and new customers, our financial performance and financial position may be adversely affected.

Please refer to Section 9.1.1 of this Prospectus for further details on this risk factor.

(ii) Dependency on one of our major suppliers

For the Financial Years Under Review, we were dependent on Shandong Vicel of China for the supply of cellulose casings. Purchases from Shandong Vicel accounted for 12.99%, 16.30% and 17.84% of our total purchase value respectively for the Financial Years Under Review. Shandong Vicel is the sole supplier for cellulose casings to our Group for the Financial Years Under Review, save for a one-off repurchase of cellulose casings amounting to RM0.07 million from one of our Group's customers to cater for an urgent need of another customer in the FYE 2020 (as disclosed under Section 7.18, Note (2) of this Prospectus). We are a distributor of its Vicel Speedy Peel Cellulose Casings in Indonesia for another two (2) years commencing from 1 January 2024 based on the renewed and latest distribution agreement.

Revenue from trading of cellulose casings contributed 11.11%, 12.86% and 13.36% of our Group's total revenue respectively for the Financial Years Under Review. In the event of sudden cessation or disruption to the supply of cellulose casings from Shandong Vicel and we are unable to deliver to our customers within their required timeframe, revenue from trading of cellulose casings will be affected which in turn, may adversely affect our operations and financial performance.

Please refer to Section 9.1.2 of this Prospectus for further details on this risk factor.

(iii) Credit risks based on the credit periods granted to our customers

We are subject to credit risks associated with our customers and our profitability and cash flows may be affected if our customers fail to make timely payments for the outstanding trade balances owing to us.

Whilst our finance team monitors collections from our customers regularly and follows up on any overdue amounts, there can be no assurance that the outstanding debts owing by our customers will be fully collected. Any default by our trade receivables to fulfil their debt obligations in the future may adversely affect our financial performance and financial position.

11. FINANCIAL INFORMATION (cont'd)

Please refer to Section 9.1.5 of this Prospectus for further details on this risk factor.

(iv) Impact of foreign exchange rate fluctuations

We are exposed to foreign currency risk because some portion of our sales and purchases are transacted in foreign currencies namely the USD, EUR, SGD, TWD, IDR, RMB and PHP. As such, we are exposed to fluctuations in foreign exchange rates and any adverse movements in the foreign exchange markets may have a negative impact on our financial performance and operating results.

Please refer to Section 9.1.7 of this Prospectus for further details on this risk factor.

11.5 LIQUIDITY AND CAPITAL RESOURCES

11.5.1 Working Capital

We finance our operations with cash generated from our operations, credit extended by trade payables, financing facilities from financial institutions which consist of term loans, Tawarruq financing, bank overdraft and trade lines (comprising accepted bills, bankers' acceptance, bank guarantee, letter of credit, invoice financing, revolving credit and trust receipt), finance lease liabilities as well as our existing cash and bank balances.

Our decision to use either the internally-generated funds or the external borrowings for our business operations is subject to various factors such as our prevailing cash and bank balances, expected cash inflows, future capital expenditure requirements, future working capital requirements and the prevailing interest rates on external borrowings amongst others.

We will carefully consider our cash position and ability to obtain further financing before making any significant capital commitments.

Our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of twelve (12) months from the date of this Prospectus, after taking into consideration the following: -

- (i) our cash and cash equivalents of RM32.84 million as at 31 July 2023;
- (ii) credit facilities obtained from financial institutions with a total limit of RM22.62 million, of which the outstanding balances for credit facilities utilised as at 31 July 2023 amounting to RM5.06 million;
- (iii) our pro forma gearing level of [●] times, based on our pro forma combined statement of financial position as at 31 July 2023 after the Pre-Listing Exercise, Public Issue and utilisation of proceeds; and
- (iv) our expected future cash flows from operations.

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11. FINANCIAL INFORMATION (cont'd)**11.5.2 Borrowings**

As at 31 December 2022, our Group's total outstanding borrowings consist of the following: -

Type	Purpose	Tenure	Interest/ profit rate per annum	As at 31 December 2022		
				Payable within 12 months	Payable after 12 months	Total
				RM'000	RM'000	RM'000
Term loans	To part finance construction cost of factory and office building	120 months	BLR - 2.00%	468	738	1,206
	To part finance construction cost of factory and office building	120 months	BLR - 2.00%	157	660	817
	For working capital requirements	84 months	5.00%	64	387	451
Tawarruq financing	For working capital requirements	60 months	IFR - 2.20%	364	1,424	1,788
Accepted bills	For working capital requirements	Up to 123 days	4.05%	368	-	368
Lease liabilities	In relation to right-of-use assets	24 - 84 months	3.87% to 6.35%	489	809	1,298
				1,910	4,018	5,928
Pro forma gearing ratio (times):						
- After the Pre-Listing Exercise and before the Public Issue ⁽¹⁾						0.15
- After the Public Issue and utilisation of proceeds ⁽²⁾						[●]

Notes: -

- (1) Computed based on the pro forma total equity of RM39.76 million after the Pre-Listing Exercise and before the Public Issue, and pro forma total borrowings (comprising bank borrowings and lease liabilities) of RM5.93 million, as disclosed in Reporting Accountants' Letter on the Pro Forma Combined Statements of Financial Position set out in Section 13 of this Prospectus.
- (2) Computed based on the pro forma total equity of RM[●] million after the Public Issue and utilisation of proceeds, and pro forma total borrowings (comprising bank borrowings and lease liabilities) of RM[●] million, as disclosed in Reporting Accountants' Letter on the Pro Forma Combined Statements of Financial Position set out in Section 13 of this Prospectus.

As at the LPD, all of our Group's outstanding borrowings are denominated in RM.

11. FINANCIAL INFORMATION (cont'd)

Our Group's outstanding borrowings carry the following effective interest rates for the Financial Years Under Review: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	% per annum		
Floating rates			
Term loans	3.45 – 5.60	3.45 – 5.60	3.45
Tawarruq financing	-	-	4.44
Fixed rates			
Term loan	-	-	5.00
Accepted bills	-	-	4.05
Revolving credit	-	5.60	-
Lease liabilities	4.31 – 6.18	4.31 – 6.18	3.87 – 6.35

As at the LPD, there are no other material restrictions on our committed banking facilities. We do not encounter any seasonality in our borrowings.

As at the LPD, we do not have any borrowings which are non-interest bearing and/or denominated 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 up to the LPD.

Throughout the Financial Years Under Review and up to the LPD, we have not experienced any clawback or reduction in the facilities' limit granted to us by our lenders.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangement or bank borrowings, which can materially affect our financial position and results or business operations or the investments by the holders of our Shares.

11.6 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at the LPD, save for borrowings as disclosed in Section 11.5.2 of this Prospectus, we have not used any other financial instruments including for hedging purpose.

For clarity purposes, our financial instruments which are used in the ordinary course of business, from an accounting perspective, may include financial assets such as cash and cash equivalents, trade and other receivables, as well as financial liabilities such as borrowings and trade and other payables.

Our main treasury objectives are to maintain sufficient working capital to finance our operations, and to possess adequate credit facilities to meet the estimated commitments arising from our operational expenditures, capital expenditures and financial liabilities. We have been funding our operations with cash generated from our operations, credit extended by trade payables, financing facilities from financial institutions which consist of term loans, Tawarruq financing, bank overdraft and trade lines (comprising accepted bills, bankers' acceptance, bank guarantee, letter of credit, invoice financing and trust receipt), finance lease liabilities as well as our existing cash and bank balances.

In our ordinary course of business, we deal with customers and suppliers from both the local market and overseas market, where transactions are denominated in both RM as well as foreign currencies. We maintain multicurrency bank accounts, so that collections in foreign currencies can be used to settle payments of the same currency where possible. This provides a natural hedge against fluctuations in the foreign exchange and mitigates our exposure to foreign exchange risks. We may consider other hedging instruments such as derivative

11. FINANCIAL INFORMATION (cont'd)

contracts available in the financial markets to hedge against foreign exchange risks should the need arise.

Our operations were not subject to any material impact arising from interest rate fluctuations throughout the Financial Years Under Review. As such, we have not entered into any financial instrument to hedge against the fluctuations in the interest rate. We manage our exposure to interest rate fluctuations by maintaining a combination of fixed-rate and floating-rate borrowings.

11.7 MATERIAL CAPITAL COMMITMENTS, LITIGATION AND CONTINGENT LIABILITY**11.7.1 Material Capital Commitment for Capital Expenditures**

As at the LPD, save for the planned capital expenditures in relation to the utilisation of proceeds from the Public Issue as set out in Section 4.8 of this Prospectus and capital expenditure to be incurred pursuant to Statement of Work for Epicor Implementation of EPB as disclosed in Section 6.6(x) of this Prospectus which will be financed by our internally-generated funds, our Directors confirm that there are no other material capital commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material adverse impact on our Group's operations, financial results and/or financial position.

11.7.2 Governmental, Legal or Arbitration Proceedings

As at the LPD and in the twelve (12) months immediately preceding the date of this Prospectus, neither our Company nor our subsidiaries are involved in any material governmental, legal or arbitration proceedings either as plaintiff or defendant. We are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect our Group's operations, financial results and/or financial position.

11.7.3 Contingent Liability

As at the LPD, our Directors confirm that there is no contingent liability incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material adverse impact on our Group's operations, financial results and/or financial position.

11.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the Financial Years Under Review are as follows: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
Trade receivables turnover period ⁽¹⁾ (days)	66	57	43
Trade payables turnover period ⁽²⁾ (days)	31	28	24
Inventories turnover period ⁽³⁾ (days)	69	85	85
Current ratio ⁽⁴⁾ (times)	1.36	1.46	1.91
Gearing ratio ⁽⁵⁾ (times)	0.24	0.16	0.14

Notes: -

(1) Computed based on the average trade receivables (net of allowance for impairment losses) over revenue for each of the FYE multiplied by 365 days.

(2) Computed based on the average trade payables over COS for each of the FYE multiplied by 365 days.

(3) Computed based on the average inventories over COS for each of the FYE multiplied by 365 days.

(4) Computed based on current assets over current liabilities as at each of the FYE.

11. FINANCIAL INFORMATION (cont'd)

(5) Computed based on total borrowings (consist of bank borrowings and lease liabilities) over total equity as at each of the FYE.

11.8.1 Trade Receivables Turnover Period

The summary of our trade receivables is as follows: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Trade receivables at beginning of the financial year	10,570	11,877	11,720
Trade receivables at end of the financial year	11,877	11,720	9,121
Average trade receivables	11,224	11,799	10,421
Revenue for the financial year	61,689	75,717	89,114
Trade receivables turnover period (days)	66	57	43

The normal credit periods granted by our Group to customers ranging from 0 day (i.e. cash terms) to 180 days. The credit term for each customer may vary depending on various factors including the length of business relationship, their payment track record, creditworthiness and credit limit. In addition, taking into consideration the foreign currency exposure and the geographical distance, a shorter credit term is granted to overseas customers as compared to local customers.

Our Group established policies on credit control involving appropriate credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history, and regular review of customers' outstanding balances and payment trends. Our Group considers the risk of material loss in the event of non-performance by the customers to be unlikely.

Our trade receivables turnover period for the Financial Years Under Review stood at 66 days, 57 days and 43 days respectively, which is within the normal credit periods granted to our customers.

Our trade receivables turnover period decreased from 66 days for the FYE 2020 to 57 days for the FYE 2021, and subsequently to 43 days for FYE 2022; mainly due to good collection from customers and increased sum of deposits received from customers for our food processing and packaging machinery solutions business segment.

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11. FINANCIAL INFORMATION (cont'd)

The ageing analysis of our trade receivables as at 31 December 2022 is as follows: -

	Within credit period	Exceeding credit period				Total
		Not more than 30 days overdue	Between 31 to 60 days overdue	Between 61 to 90 days overdue	More than 90 days overdue	
As at 31 December 2022						
Trade receivables (RM'000)	5,065	2,185	520	371	3,484	11,625
<u>Less</u> Allowance for impairment loss (RM'000)	(154)	(81)	(44)	(47)	(2,178)	(2,504)
Trade receivables, net of allowance for impairment loss (RM'000)	4,911	2,104	476	324	1,306	9,121
% of trade receivables, net of allowance for impairment	53.84	23.07	5.22	3.55	14.32	100.00
Subsequent collections as at the LPD (RM'000)	3,384	1,955	439	286	1,740	7,804
Balance outstanding trade receivables as at the LPD (RM'000)	1,681	230	81	85	1,744	3,821

Our Group's total trade receivables, net of allowance for impairment loss, stood at RM9.12 million as at 31 December 2022; of which RM4.21 million or 46.16% exceeded the normal credit period.

As at the LPD, we have collected RM7.80 million or 67.13% of our Group's total trade receivables which were outstanding as at 31 December 2022. Balance outstanding trade receivables as at the LPD, net of allowance for impairment loss, is as follows: -

	RM'000
Balance outstanding trade receivables as at the LPD	3,821
Allowance for impairment loss as at 31 December 2022	(2,504)
	<hr/>
Balance outstanding trade receivables as at the LPD, net of allowance for impairment loss	1,317
	<hr/>

We have not experienced any significant bad debts or major disputes with our trade receivables for the Financial Years Under Review. We assess the collectability of trade receivables on an individual customer basis and provide for impairment loss on receivables in the following manner: -

- (i) simplified approach using a provisional matrix to estimate lifetime expected credit loss in accordance with MFRS 9 *Financial Instruments*; and
- (ii) specific allowance for impairment on overdue balances where recoverability is ascertained to be uncertain based on our dealings with the customer.

11. FINANCIAL INFORMATION (cont'd)

The balance outstanding trade receivables as at the LPD are attributable to the following: -

- (i) outstanding balance of RM1.08 million owing by one (1) local customer under the food processing and packaging machinery solutions business segment. The said customer was unable to secure adequate financing and has approached us to return the machineries to us. These machineries have been returned to, and received by, our Group subsequent to the LPD. Credit notes have been issued for the outstanding balance of RM1.08 million owing by the said customer and this has been accounted for as sales return in the FYE 2023;
- (ii) outstanding balances aggregating to RM0.78 million owing by three (3) local customers under the food processing and packaging machinery solutions business segment, the collections of which are expected to take place in the foreseeable future upon final testing and commissioning by our customers; and
- (iii) outstanding balances aggregating to RM1.97 million comprising trade debts due from over 90 customers, the collections of which are closely monitored and followed up by our Group.

Our Board is of the opinion that the remaining outstanding trade receivables are recoverable, after taking into consideration our historical collection trend where some customers may take longer than the normal credit period to make payment due to the lead time for them to secure the release of financing sum from financial institution and/or government grant.

11.8.2 Trade Payables Turnover Period

The summary of our trade payables is as follows: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Trade payables at beginning of the financial year	3,271	3,662	4,119
Trade payables at end of the financial year	3,662	4,119	3,522
Average trade payables	3,467	3,891	3,821
COS for the financial year	41,135	50,163	58,655
Trade payables turnover period (days)	31	28	24

The normal credit terms granted to our Group by our suppliers ranging from 0 day (i.e. cash terms) to 120 days, which are dependent on the mix of suppliers as well as type of supplies or services procured. A shorter credit term is granted to our Group by overseas suppliers as compared to local suppliers.

Our trade payables turnover period for the Financial Years Under Review stood at 31 days, 28 days and 24 days respectively, which is within the normal credit terms granted to our Group; as it is our Group's practice to pay our suppliers promptly to maintain good business relationships.

11. FINANCIAL INFORMATION (cont'd)

The ageing analysis of our trade payables as at 31 December 2022 is as follows: -

	Within credit period	Exceeding credit term				Total
		Not more than 30 days overdue	Between 31 to 60 days overdue	Between 61 to 90 days overdue	More than 90 days overdue	
As at 31 December 2022						
Trade payables (RM'000)	1,592	679	140	806	305	3,522
% of trade payables	45.20	19.28	3.98	22.88	8.66	100.00
Subsequent payments as at the LPD (RM'000)	1,510	668	140	436	33	2,787
Balance outstanding trade payables as at the LPD (RM'000)	82	11	-	370	272	735

Our Group's total trade payables stood at RM3.52 million as at 31 December 2022; of which RM1.93 million or 54.80% exceeded the normal credit term.

As at the LPD, we have settled RM2.79 million or 79.13% of our Group's total trade payables which were outstanding as at 31 December 2022. The balance outstanding trade payables of RM0.74 million which has yet to be settled was mainly due to certain payments to our suppliers are being withheld to be released only upon final testing and commissioning. There is no legal action initiated by our suppliers to demand for payment as at the LPD.

11.8.3 Inventories Turnover Period

The summary of our inventories is as follows: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Inventories at beginning of the financial year	5,728	9,829	13,426
Inventories at end of the financial year	9,829	13,426	13,969
Average inventories	7,779	11,628	13,698
COS for the financial year	41,135	50,163	58,655
Inventories turnover period (days)	69	85	85

Our operations are primarily on "supply-to-order" basis, particularly in relation to our food processing and packaging machinery solutions business segment; where our products are subject to confirmed order from our customers and customised in accordance with our customers' specifications and needs.

Our inventories turnover period increased from 69 days for the FYE 2020 to 85 days for the FYE 2021, and remained consistent at 85 days for the FYE 2022; primarily due to purchases made for orders delivered/fulfilled subsequent to the year-end.

11. FINANCIAL INFORMATION (cont'd)

Our Board is of the opinion that there are no material slow-moving/obsolete inventories which are not written down/off as at the LPD in view of the following: -

- (i) our raw materials/inputs are primarily metal-based, which are non-perishable and long-lasting in nature;
- (ii) our work-in-progress and finished goods primarily consist of products that are supported by confirmed order; and
- (iii) we review our slow-moving/long outstanding inventory items periodically during the physical inventory count, and where necessary, appropriate allowance for impairment loss is made on damaged and/or obsolete inventory items to write down the carrying values of those inventory items to their net realisable values based on prevailing market conditions.

11.8.4 Current Ratio

Our Group's current ratio for the Financial Years Under Review is as follows: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Current assets at end of the financial year	40,087	52,187	66,617
Current liabilities at end of the financial year	29,576	35,795	34,861
Current ratio (times)	1.36	1.46	1.91

For the FYE 2021, our Group's current ratio stood at 1.46 times, which was relatively consistent as compared to 1.36 times for the FYE 2020.

For the FYE 2022, our Group's current ratio increased to 1.91 times from 1.46 times for the FYE 2021; mainly due to overall increase in our Group's cash and bank balances line with our improved financial performance.

Our Group's current ratio indicates that our Group is able to satisfy our short-term obligations as and when they fall due, as our current assets are more than of current liabilities.

11.8.5 Gearing Ratio

Our Group's gearing ratio for the Financial Years Under Review is as follows: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Total borrowings at end of the financial year	5,686	4,793	5,928
Total equity at end of the financial year	23,539	30,001	42,459
Gearing ratio (times)	0.24	0.16	0.14

Our gearing ratio has remained relatively low throughout the Financial Years Under Review, ranging from 0.14 times to 0.24 times. Our Group is not heavily reliant on borrowings as we maintained a net cash position throughout the Financial Years Under Review.

For the FYE 2021, our Group's gearing ratio decreased to 0.16 times as compared to 0.24 times in the FYE 2020. This was mainly due to the decrease in total borrowings as at 31 December 2021 as a result of repayments, and increase in total equity in line with our improved financial performance for the FYE 2021.

11. FINANCIAL INFORMATION (cont'd)

For the FYE 2022, our Group's gearing ratio stood at 0.14 times, which was relatively consistent as compared to 0.16 times in the FYE 2021. This was mainly due to the increase in total borrowings as at 31 December 2022 was offset by the increase in total equity in line with our improved financial performance for the FYE 2022.

11.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

We are subject to the risks relating to government, economic, fiscal or monetary policies as set out in Section 9.2.2 of this Prospectus. Any unfavourable changes and/or developments in government, economic, fiscal or monetary policies may materially affect our business operations and financial performance and the prospect of the industry in which we operate.

For the Financial Years Under Review, we have not experienced any adverse government, economic, fiscal or monetary policies and regulatory changes which have materially affected our operations and financial performance. However, there can be no assurance that any adverse changes to government, economic, fiscal or monetary policies in the future will not unfavourably and materially affect our Group's operations, financial results and financial position.

11.10 IMPACT OF INFLATION

Our financial performance and operating results for the Financial Years Under Review were not materially affected by the impact of inflation. However, we believe that we would not be able to fully pass on all future increases in costs of materials and services of our operations to our customers. As such, there can be no assurance that future inflation would not have an impact on our Group's operations, financial results and financial position.

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11. FINANCIAL INFORMATION (cont'd)**11.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES****(i) Impact of foreign exchange rates**

We are exposed to foreign currency risk because some portion of our sales and purchases are transacted in foreign currencies namely the USD, EUR, SGD, NTD, IDR, PHP and RMB. As such, we are exposed to fluctuations in foreign exchange rates and any adverse movement in the foreign exchange markets may have a negative impact on our financial performance and operating results. For the Financial Years Under Review, our sales and purchases transactions denominated in local and foreign currencies are as follows: -

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Sales denominated						
- RM (local currency)	27,551	44.66	36,508	48.22	36,026	40.43
- USD	34,018	55.15	38,846	51.30	53,067	59.54
- EUR	15	0.02	147	0.19	16	0.02
- IDR	38	0.06	-	-	-	-
- SGD	67	0.11	216	0.29	5	0.01
	61,689	100.00	75,717	100.00	89,114	100.00
Purchases denominated						
- RM (local currency)	14,432	38.31	15,647	36.34	23,063	45.43
- USD	19,679	52.23	25,319	58.80	26,881	52.94
- EUR	1,358	3.60	325	0.75	45	0.09
- NTD	1,474	3.91	1,527	3.55	774	1.52
- PHP	-	-	4	0.01	8	0.02
- RMB	354	0.94	240	0.55	-	-
- IDR	379	1.01	-	-	-	-
Total	37,676	100.00	43,062	100.00	50,771	100.00

The impact of foreign exchange fluctuations on our financial performance during the Financial Years Under Review are as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Realised gain on foreign exchange	75	8	136
Unrealised gain on foreign exchange	180	216	181
Realised loss on foreign exchange	(195)	(192)	(24)
Unrealised loss on foreign exchange	(115)	(18)	(126)
Net (loss)/gain on foreign exchange	(55)	14	167
PBT	7,742	13,853	15,579
Net (loss)/gain on foreign exchange as % of PBT	(0.71)	0.10	1.07

Our Group currently does not have a formal policy with respect to our foreign exchange transactions. Exposure on foreign exchange is monitored on an ongoing basis, and our Group endeavours to keep the net exposure within an acceptable level. Our Group also

11. FINANCIAL INFORMATION (cont'd)

holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Our Group does not use any financial instruments to hedge our exposure to fluctuation in foreign currency exchange rates. As at the LPD, we have not entered into any foreign exchange contracts as we endeavour to naturally hedge our foreign currency payments against our foreign currency collections. Nonetheless, we are subject to foreign exchange fluctuation risk for any mismatch in the purchases from our overseas suppliers and revenue from our sales to overseas customers. A depreciation of the RM against the foreign currencies may lead to higher costs of sales for our Group, whilst an appreciation of the RM against the foreign currencies may lead to lower sales and collections for our Group. Should such adverse event materialise, and we shall fail to pass on the adverse fluctuations to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin as a result of higher costs of sales or lower sales and collections.

(ii) Impact of interest rates

Interest coverage ratio measures the number of times a company can make its interest payments with its earnings before interest and tax ("**EBIT**"). Our interest coverage ratio for the Financial Years Under Review is as follows: -

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
PBT	7,742	13,853	15,579
<u>Add</u>			
Finance costs	438	337	344
Interest income	(27)	(46)	(9)
EBIT	8,153	14,144	15,914
Interest coverage ratio⁽¹⁾ (times)	18.61	41.97	46.26

Note: -

(1) Computed based on EBIT over finance costs for the Financial Years Under Review.

Our interest coverage ratio ranges from 18.61 times to 46.26 times for the Financial Years Under Review, indicating that our Group has been able to generate sufficient profits from operations to meet our interest-serving obligations. In addition, our gearing ratio has remained relatively low throughout the Financial Years Under Review, ranging from 0.14 times to 0.24 times. Our Group is not heavily reliant on borrowings as we maintained a net cash position throughout the Financial Years Under Review.

Our financial performance and operating results for the Financial Years Under Review were not materially affected by the fluctuations in interest rates. However, there can be no assurance that any major adverse future fluctuations in interest rates would not have an impact on our Group's operations, financial results and financial position.

(iii) Impact of commodity prices

Our financial performance and operating results for the Financial Years Under Review were not materially affected by the fluctuations in commodity prices. However, there can be no assurance that any major adverse future fluctuations in commodity prices would not have an impact on our Group's operations, financial results and financial position.

11. FINANCIAL INFORMATION (cont'd)

11.12 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that: -

- (i) our Group's revenue will remain sustainable, in line with the anticipated growth trend for the industry in which we operate as set out in the IMR Report;
- (ii) our liquidity will improve further subsequent to the Public Issue as there will be additional funds to be raised for our Group to carry out and implement our business strategies and future plans as set out in Section 7.20 of this Prospectus; and
- (iii) our capital resources will strengthen, taking into consideration the amount to be raised from the Public Issue as well as our internally-generated funds. We may consider additional debt and/or equity funding for our future expansion should the need arise.

11.13 TREND INFORMATION

As at the LPD, save as disclosed in this Prospectus and to the best of our Group's knowledge and belief, our operations have not been and are not expected to be affected by any of the following: -

- (i) known trends, uncertainties, demands, commitments or events that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our operations, financial performance, financial position, liquidity and capital resources, save as disclosed in Sections 7, 8, 9 and 11 of this Prospectus;
- (ii) material commitments for capital expenditure, save as disclosed in Section 11.7.1 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our operations, financial performance, financial position, liquidity and capital resources, save as disclosed in Sections 9 and 11 of this Prospectus;
- (iv) known trends, uncertainties, demands, commitments, or events that have resulted in a material impact on our revenue and/or profitability, save for the business strategies and future plans as set out Section 7.20 of this Prospectus and save as disclosed in Sections 7 and 8 of this Prospectus; and
- (v) known trends, uncertainties, demands, commitments, or events that are reasonably likely to make our Group's historical financial statements not indicative of our future financial performance and financial position, save as disclosed in Section 9 of this Prospectus.

Our Board is optimistic about the future prospects of our Group after taking into consideration our Group's competitive strengths as set out in Section 7.19 of this Prospectus, as well as business strategies and future plans as set out in Section 7.20 of this Prospectus.

11.14 SIGNIFICANT CHANGES

Our Directors are not aware of any significant changes that has occurred which may have a material effect on our financial position and results since the FYE 2022, being our most recent annual audited combined financial statements.

11. FINANCIAL INFORMATION (*cont'd*)

11.15 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy. The declaration of any interim dividend for a particular financial year is subject to the discretion of our Board, whilst the declaration of any final dividend for a particular financial year is subject to the approval of our shareholders at our annual general meeting upon the recommendation of our Board.

It is our intention to pay dividends to our shareholders to allow them to participate in our profits. When recommending any final dividend for approval by our shareholders or when declaring any interim dividend, our Board will consider, amongst others:

- (i) our anticipated future operating conditions as well as future expansion, capital expenditure and investment plan;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our expected financial performance including return on equity and retained earnings;
- (iv) any restrictive covenants contained in our current and future financing arrangements;
- (v) the availability of adequate reserves and cash flows; and
- (vi) any material impact of tax laws and regulatory requirements.

Our Board intends to adopt a policy of active capital management. We intend to pay dividends out of surplus cash generated from our operations, after setting aside necessary funding for capital expenditure and working capital requirements. As part of this policy and subject always to compliance with the applicable laws and regulatory requirements, our Board targets a distribution of up to 25% of our annual audited consolidated PAT attributable to our shareholders in the form of dividends annually. This dividend policy shall be reviewed by our Board at least once every three (3) years, or at a shorter period if deemed appropriate and necessary by our Board.

Notwithstanding our intention above, as we are a holding company, our income and ability to pay dividends are dependent upon the dividends and other distributions received from our subsidiaries. The payment of dividends and other distributions by our subsidiaries are in turn, dependent on various factors, including but not limited to, their financial performance, capital and cash flows requirements (including capital expenditures and financial covenants), general financial conditions both domestically and internationally, availability of adequate distributable reserves and other factors which may be considered relevant by their respective board of directors.

Actual dividends proposed and declared may vary depending on our financial performance and cash flows, and may be waived if the payment of the dividends would adversely affect our cash flows and operations. Save for certain banking restrictive covenants which our Group are subject to, there are no dividend restrictions being imposed on our Group currently. However, pursuant to the Act: -

- (i) our Company may only declare or pay dividend or other distribution to our shareholders out of profits of our Company available if our Company is solvent; and
- (ii) no dividend or other distribution shall be declared in excess of the amount authorised by our Board.

Investors should take note that this dividend policy merely describes our Group's present intention and shall not constitute legally binding statements in respect of our future dividends, which are always subject to our Board's discretion.

11. FINANCIAL INFORMATION (cont'd)

For information purposes, dividends declared by our Group during the Financial Years Under Review are as follows: -

	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Dividends declared	3,021 ⁽²⁾	5,637 ⁽³⁾	200 ⁽⁴⁾
PAT attributable to owners of the parent	6,298	11,926	12,282
Dividend pay-out ratio ⁽¹⁾ (%)	47.97	47.27	1.63

Notes: -

- (1) Computed based on dividend declared divided by the PAT attributable to owners of the parent.
- (2) Comprising dividends amounted to RM2.52 million (equivalent to USD0.60 million) and RM0.50 million declared by BW Perkasa Labuan and EP Machinery KL respectively, which were paid in FYE 2021.
- (3) Comprising the following: -
- dividend amounted to RM1.60 million declared by BW Engineering, which was paid in FYE 2021;
 - dividend amounted RM1.67 million (equivalent to USD0.40 million) declared by BW Perkasa Labuan, which was paid in FYE 2021;
 - dividend amounted to RM2.00 million declared by EP Machinery, which was paid in FYE 2022; and
 - dividend amounted to RM0.37 million declared by EP Machinery KL, which was paid in FYE 2022.
- (4) Comprising dividend of RM0.20 million declared by EP Manufacturing, which was paid in FYE 2022.

Subsequent to the FYE 2022 and up to the LPD, dividends totalling RM2.70 million had been declared and paid by our Group as follows: -

- (i) interim dividends of RM0.25 million and RM1.85 million had been declared and paid by BW Engineering on 10 April 2023 and 31 May 2023 respectively;
- (ii) interim dividend of RM0.50 million had been declared and paid by EP Machinery on 31 May 2023; and
- (iii) interim dividend of RM0.10 million had been declared and paid by EP Machinery KL on 31 May 2023.

The above interim dividends which were funded by internally-generated funds and distributed out of retained profits of the respective subsidiaries will not affect the execution and implementation of our business strategies and future plans. Our Group does not intend to declare any further dividends prior to, and until, the completion of our Listing.

11. FINANCIAL INFORMATION (cont'd)**11.16 ORDER BOOK**

Our sales are based on confirmed purchase order from our customers. We generate our revenue as and when we deliver the products/services based on purchase orders received. As at the LPD, our order book stood at RM68.36 million, of which approximately RM59.07 million are expected to be fulfilled and billed in FYE 2023, whilst the remaining RM9.29 million are expected to be fulfilled and billed in the first half of 2024. The breakdown of order book by business segment are as follows: -

	Expected to be fulfilled and billed in		
	FYE 2023	First half of 2024	Total
	RM'000	RM'000	RM'000
Order book by business segment			
Food processing and packaging machinery solutions	52,144	8,524	60,668
Trading of cellulose casings	5,209	768	5,977
Manufacturing and trading of flexible packaging materials	1,712	-	1,712
Total	59,065	9,292	68,357

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12. ACCOUNTANTS' REPORT

FOLKS DFK & CO. (AF0502)

**ACCOUNTANTS' REPORT ON
EPB GROUP BERHAD
202201007128 (1452825-U)
COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2020 THROUGH 31 DECEMBER 2022**

12. ACCOUNTANTS' REPORT (*cont'd*)

Folks DFK & Co (No. AF 0502)
Chartered Accountants



Date : **08 SEP 2023**

The Board of Directors
EPB GROUP BERHAD
PMT 1186, Jalan Perindustrian Bukit Minyak 18
Taman Perindustrian Bukit Minyak
Penang Science Park
14100 Simpang Ampat
Pulau Pinang

Dear Sirs,

REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF EPB GROUP BERHAD

Opinion

We have audited the accompanying combined financial statements of EPB GROUP BERHAD (the "Company") and its other combining entities as defined in Note 1 to the combined financial statements (collectively referred to as the "Group"), which comprise the combined statements of financial position as at 31 December 2020, 31 December 2021 and 31 December 2022, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, and the notes to the aforesaid combined financial statements, including a summary of significant accounting policies as set out on pages 4 to 65.

The combined financial statements of the Group have been prepared for inclusion in the Prospectus of the Company in connection with the initial public offering and the listing and quotation of the entire enlarged issued shares of the Company on the ACE Market of Bursa Malaysia Securities Berhad. This report is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the combined financial statements contained in the Accountants' Report give a true and fair view of the combined financial position of the Group as at 31 December 2020, 31 December 2021 and 31 December 2022 and of their combined financial performance and combined cash flows for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

12. ACCOUNTANTS' REPORT (cont'd)*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.

Directors' Responsibilities for the Combined Financial Statements

The Directors of the Company ("Directors") are responsible for the preparation of the combined financial statements of the Group contained in the Accountants' Report so as to 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 the combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements 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 the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements 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. Misstatement 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 statements.

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 statements 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.

12. ACCOUNTANTS' REPORT (cont'd)



Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (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)


- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements 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

This report has been prepared for inclusion in the Prospectus of the Company in connection with the initial public offering and the listing and quotation of the entire enlarged issued shares of the Company on the ACE Market of Bursa Malaysia Securities Berhad, and should not be used or relied upon for any other purposes 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.


FOLKS DFK & CO.
No. : AF 0502
Chartered Accountants


LEONG KOK TONG
No. : 02973/11/2023 J
Chartered Accountant

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**Combined Statements of Financial Position**

	Note	2020 RM	2021 RM	2022 RM
Assets				
Non-current Assets				
Property, plant and equipment	4	10,828,567	11,648,585	11,469,045
Right-of-use assets	5	6,735,109	5,183,780	5,684,677
Intangible assets	6	6,802	32,718	25,122
		<u>17,570,478</u>	<u>16,865,083</u>	<u>17,178,844</u>
Current Assets				
Inventories	7	9,829,069	13,426,089	13,969,439
Trade receivables	8	11,876,796	11,720,168	9,121,128
Other receivables, deposits and prepayments	9	3,974,089	6,817,087	11,146,558
Tax recoverable		203,620	85,349	380,141
Fixed deposits with a licensed bank	10	-	5,013	455,561
Cash and bank balances	11	14,202,883	20,133,572	31,544,065
		<u>40,086,457</u>	<u>52,187,278</u>	<u>66,616,892</u>
Total Assets		<u>57,656,935</u>	<u>69,052,361</u>	<u>83,795,736</u>
Equity and Liabilities				
Equity Attributable to Owners of the Company				
Share capital	12.1	-	-	2
Invested equity	12.2	5,552,360	5,552,360	5,552,360
Foreign currency translation reserve		(120,707)	51,059	427,371
Retained profits		18,107,562	24,397,514	36,479,294
Total Equity		<u>23,539,215</u>	<u>30,000,933</u>	<u>42,459,027</u>
Non-current Liabilities				
Deferred tax liabilities	13	766,611	895,299	2,457,494
Bank borrowings	14	3,065,409	2,054,798	3,209,285
Lease liabilities	15	709,872	305,448	808,751
		<u>4,541,892</u>	<u>3,255,545</u>	<u>6,475,530</u>
Current Liabilities				
Bank borrowings	14	1,065,072	2,107,487	1,421,266
Lease liabilities	15	845,708	325,224	488,977
Trade payables	16	3,661,667	4,119,212	3,521,391
Other payables, deposits and accrued liabilities	17	16,934,333	22,699,266	29,081,274
Amount owing to directors	18	3,258,711	3,206,115	6,083
Current tax liabilities		900,137	968,079	342,188
Dividend payable		2,910,200	2,370,500	-
		<u>29,575,828</u>	<u>35,795,883</u>	<u>34,861,179</u>
Total Liabilities		<u>34,117,720</u>	<u>39,051,428</u>	<u>41,336,709</u>
Total Equity and Liabilities		<u>57,656,935</u>	<u>69,052,361</u>	<u>83,795,736</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**Combined Statements of Profit or Loss and Other Comprehensive Income**

	Note	2020 RM	2021 RM	2022 RM
Revenue	19	61,689,072	75,716,940	89,113,683
Cost of sales		(41,134,896)	(50,162,887)	(58,654,721)
Gross profit		20,554,176	25,554,053	30,458,962
Other income		1,103,715	1,211,579	2,576,048
Selling and distribution costs		(4,807,734)	(3,642,265)	(7,651,128)
Administrative expenses		(7,908,873)	(8,924,855)	(9,422,491)
Other expenses		(761,119)	(8,407)	(38,334)
Operating profit		8,180,165	14,190,105	15,923,057
Finance costs		(438,379)	(337,133)	(343,796)
Profit before taxation	20	7,741,786	13,852,972	15,579,261
Taxation	22	(1,443,749)	(1,926,520)	(3,297,481)
Profit for the year		6,298,037	11,926,452	12,281,780
Other comprehensive (loss) / income <i>Item that will be reclassified subsequently to profit or loss, net of tax effects :-</i>				
Exchange differences on translation		(82,820)	171,766	376,312
Total comprehensive income for the year		6,215,217	12,098,218	12,658,092
Profit for the year attributable to :-				
Owners of the Company		6,298,037	11,926,452	12,281,780
Total comprehensive income for the year attributable to :-				
Owners of the Company		6,215,217	12,098,218	12,658,092
Earnings per share attributable to equity holders of the Company				
Basic and diluted	23	0.02	0.03	0.03

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**Combined Statements of Changes in Equity**

	Non-distributable		Distributable		Total RM
	Share Capital RM	Invested equity RM	Foreign Currency Translation reserve RM	Retained profits RM	
2020					
Balance at 1 January 2020	-	5,552,360	(37,887)	14,830,185	20,344,658
Profit for the year	-	-	-	6,298,037	6,298,037
Other comprehensive loss for the year	-	-	(82,820)	-	(82,820)
Total comprehensive income for the year	-	-	(82,820)	6,298,037	6,215,217
Dividends (Note 24)	-	-	-	(3,020,660)	(3,020,660)
Balance at 31 December 2020	-	5,552,360	(120,707)	18,107,562	23,539,215
2021					
Balance at 1 January 2021	-	5,552,360	(120,707)	18,107,562	23,539,215
Profit for the year	-	-	-	11,926,452	11,926,452
Other comprehensive income for the year	-	-	171,766	-	171,766
Total comprehensive income for the year	-	-	171,766	11,926,452	12,098,218
Dividends (Note 24)	-	-	-	(5,636,500)	(5,636,500)
Balance at 31 December 2021	-	5,552,360	51,059	24,397,514	30,000,933
2022					
Balance at 1 January 2022	-	5,552,360	51,059	24,397,514	30,000,933
Issued during the year	2	-	-	-	2
Profit for the year	-	-	-	12,281,780	12,281,780
Other comprehensive income for the year	-	-	376,312	-	376,312
Total comprehensive income for the year	-	-	376,312	12,281,780	12,658,092
Dividends (Note 24)	-	-	-	(200,000)	(200,000)
Balance at 31 December 2022	2	5,552,360	427,371	36,479,294	42,459,027

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**Combined Statements of Cash Flows**

	2020 RM	2021 RM	2022 RM
Cash flows from operating activities			
Profit before taxation	7,741,786	13,852,972	15,579,261
Adjustments for :-			
Depreciation of property, plant and equipment	629,812	930,643	981,879
Depreciation of right-of-use assets	682,253	417,628	613,828
Amortisation of intangible assets	5,153	8,090	9,516
Deposits received forfeited	(5,200)	-	(879,627)
Gain on disposal of property, plant and equipment	(54,733)	(44,999)	(47,182)
Gain on derecognition of right-of-use assets	-	(1,868)	-
Impairment loss on property, plant and equipment	516,110	-	-
Property, plant and equipment written off	-	164	22,511
Addition of allowance for impairment loss - net	92,207	838,456	79,936
Interest expenses	438,379	337,133	343,796
Interest income	(27,016)	(46,483)	(8,736)
Unrealised gain on foreign exchange	(65,577)	(197,443)	(54,950)
Write-off of inventories	-	-	108,384
Write-down in value of inventories - net	170,653	41,147	172,061
Operating profit before working capital changes	10,123,827	16,135,440	16,920,677
Increase in inventories	(4,340,713)	(3,585,952)	(823,795)
Decrease / (Increase) in trade and other receivables	5,764,051	(3,297,264)	(1,788,225)
Increase / (Decrease) in amount owing to directors	3,111,209	(52,596)	(3,200,032)
(Decrease) / Increase in trade and other payables	(4,960,945)	5,894,917	6,585,793
Cash generated from operations	9,697,429	15,094,545	17,694,418
Interest paid	(438,379)	(337,133)	(343,796)
Tax paid	(609,658)	(1,654,676)	(2,662,147)
Tax refunded	-	14,400	-
Net cash from operating activities	8,649,392	13,117,136	14,688,475
Cash flows from investing activities			
Acquisition of property, plant and equipment	(2,159,257)	(454,101)	(665,142)
Addition of right-of-use assets	-	-	(215,167)
Acquisition of intangible assets	(3,900)	(34,006)	(1,920)
Proceeds received from disposal of property, plant and equipment	66,999	65,249	53,000
Interest received	27,016	46,483	8,736
Net cash used in investing activities	(2,069,142)	(376,375)	(820,493)

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**Combined Statements of Cash Flows (Cont'd)**

	2020 RM	2021 RM	2022 RM
Cash flows from financing activities			
Net (repayment) / drawdown of bank borrowings (Note 25.1)	(1,693,228)	31,804	468,266
Repayment of lease liabilities (Note 25.1)	(687,503)	(1,106,313)	(398,028)
Proceeds from issuance of ordinary shares	-	-	2
Dividend paid	(4,020,660)	(6,245,600)	(2,570,500)
Net cash used in financing activities	<u>(6,401,391)</u>	<u>(7,320,109)</u>	<u>(2,500,260)</u>
Net increase in cash and cash equivalents	178,859	5,420,652	11,367,722
Effect of foreign exchange difference on cash and cash equivalents	(6,258)	515,050	493,319
Cash and cash equivalents at beginning of year	14,030,282	14,202,883	20,138,585
Cash and cash equivalents at end of year	<u>14,202,883</u>	<u>20,138,585</u>	<u>31,999,626</u>
Cash and cash equivalents comprised :-			
Fixed deposits with a licensed bank	-	5,013	455,561
Cash and bank balances	14,202,883	20,133,572	31,544,065
	<u>14,202,883</u>	<u>20,138,585</u>	<u>31,999,626</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**Notes to the Combined Financial Statements****1. General Information**

EPB Group Berhad (the "Company") was incorporated in Malaysia under the Companies Act 2016 on 28 February 2022 as a private limited liability company under the name of EPB Group Sdn. Bhd. and is domiciled in Malaysia. On 10 March 2023, the Company was converted to a public limited liability company.

The Company was incorporated for the purpose of undertaking, among others, a restructuring and acquisition exercise that would result in the Company becoming the holding company of Easy Pack Machinery Sdn. Bhd., Easy Pack Machinery (KL) Sdn. Bhd., Easy Pack Manufacturing (M) Sdn. Bhd., Bestworld Perkasa Ltd./Labuan and Bestworld Engineering Sdn. Bhd. together with its subsidiary, namely Bestworld Perkasa Ltd./United Arab Emirates (collectively referred to as the "other combining entities"). The acquisitions of other combining entities by the Company are pending in the latest financial year required to be reported in this Accountants' Report. Accordingly, the Company has prepared the combined financial statements for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022. Note 2.1 explains further the basis of preparation of the combined financial statements.

The registered office of the Company is located at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Pulau Pinang and its principal place of business is located at PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang.

The Company is principally engaged in investment holding, whilst the principal activities of the other combining entities are as follows :-

Name of combining entities	Country of incorporation	Principal activities
Easy Pack Machinery Sdn. Bhd.	Malaysia	Provision of food processing and packaging machinery solutions including industrial robots and related accessories for its customers primarily involved in the food industry and also as laboratory equipment and its related accessories for research purposes.*
Easy Pack Machinery (KL) Sdn. Bhd.	Malaysia	Dealing in all kinds of packaging machinery and trading in absorbent agents and packing materials.
Easy Pack Manufacturing (M) Sdn. Bhd.	Malaysia	Manufacturing and trading of packaging materials.
Bestworld Engineering Sdn. Bhd.	Malaysia	Manufacturing, assembly and trading of machinery and equipment.
Bestworld Perkasa Ltd.	Labuan, Malaysia	Agency and management service for refrigeration, cold chain, food processing equipment and ingredient.

* Easy Pack Machinery Sdn. Bhd. had updated its principal activities from "assembly, trading and servicing of packaging machines" to "provision of food processing and packaging machinery solutions including industrial robots and related accessories for its customers primarily involved in the food industry and also as laboratory equipment and its related accessories for research purposes" on 14 August 2023.

12. ACCOUNTANTS' REPORT (cont'd)

EPB GROUP BERHAD

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)

1. General Information (Cont'd)

The Company is principally engaged in investment holding, whilst the principal activities of the other combining entities are as follows :- (Cont'd)

Subsidiary company of Bestworld Engineering Sdn. Bhd.

Bestworld Perkasa Ltd.	Ras Al Khaimah, United Arab Emirates	Installation of industrial machinery and equipment and wholesale trade.
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The Accountants' Report comprises the combined financial statements of the Company and the other combining entities (collectively referred to as the "EPB Group" or "Group") for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022. The combined financial statements of the Group consist of the audited financial statements of the Company and the other combining entities and are prepared solely for inclusion in the Prospectus of the Company in connection with the initial public offering and the listing and quotation of its entire enlarged issued shares on the ACE Market of Bursa Malaysia Securities Berhad.

2. Basis of Preparation and Summary of Significant Accounting Policies

2.1 Basis of Preparation

The combined financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

The combined financial statements of the Group have also been prepared in accordance with the Guidance Note on 'Combined Financial Statements' issued by the Malaysian Institute of Accountants and on the assumption that the Group has been operating as a single economic entity throughout the financial years presented in these combined financial statements.

Throughout the financial years under review, the Company and the other combining entities are under the common control of Yeoh Chee Min being the major shareholder and promoter of the Company.

Entities under common control are entities which are ultimately controlled by the same parties for a reasonable period of time. Common control exists when the same parties have 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 commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information as presented in the combined financial statements may not correspond to the consolidated financial statements of the Group had the relevant acquisitions to legally constitute the Group been incorporated for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of the Group for those financial years.

The combined financial statements are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies below.

12. ACCOUNTANTS' REPORT (cont'd)

EPB GROUP BERHAD

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.2 Adoption of MFRSs, Amendments to MFRSs and IC Interpretation

2.2.1 New MFRSs, amendments to MFRSs and IC Interpretation adopted during the financial years

The Group has consistently applied its accounting policies throughout the reporting periods presented except for the changes in accounting policies on the application of the following new MFRSs issued by the Malaysian Accounting Standards Board ("MASB") :-

Effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3 – Definition of a Business
 Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
 Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments : Recognition and Measurement and MFRS 7 Financial Instruments : Disclosure
 - Interest Rate Benchmark Reform

Effective for annual periods beginning on or after 1 June 2020

Amendments to MFRS 16 - Covid-19-Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16
 - Interest Rate Benchmark Reform - Phase 2

Effective for annual periods beginning on or after 1 April 2021

Amendments to MFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3 - Reference to the Conceptual Framework
 Amendments to MFRS 16 - Covid-19 - Related Rent Concessions
 Amendments to MFRS 116 - Property, Plant and Equipment - Proceeds before Intended Use
 Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract
 Amendments to MFRS classified as "Annual Improvements to MFRS Standards 2018 - 2020" cycle
 - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
 - Subsidiary as a First-time Adopter
 - Amendments to MFRS 9 Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
 - Amendments to Illustrative Examples accompanying MFRS 16 Leases - Lease Incentives
 - Amendments to MFRS 141 Agriculture - Taxation in Fair Value Measurements

The adoption of the amendments to MFRSs and IC Interpretation that are effective during the respective financial years did not have any significant impact on the Group's financial statements.

12. ACCOUNTANTS' REPORT (*cont'd*)

EPB GROUP BERHAD

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.3 New MFRS and Amendments to MFRSs That Are In Issue But Not Yet Effective

The Group has not early adopted the following new MFRS and amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 January 2023

MFRS 17, Insurance Contracts

Amendments 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

Effective for annual periods beginning on or after 1 January 2024

Amendment to MFRS 16 - Lease Liability in a Sale and Leaseback

Amendment to MFRS 101 - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

Effective date deferred to a date to be determined

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures

The Group will apply the above new MFRS and amendments to MFRSs that are applicable once they become effective. The adoption of these new MFRS and amendments to MFRSs are not expected to have any significant financial impact on the Group's combined financial statements.

2.4 Basis of Combination

The combined financial statements of the Group comprise the financial statements of the Company and the other combining entities. The financial statements used in the preparation of the combined financial statements are prepared for the same reporting dates. When necessary, adjustments are made to the financial statements of the Company and the other combining entities to ensure conformity with the Group's accounting policies.

In preparing the combined financial statements, the assets and liabilities of the Company and the other combining entities are recognised at the carrying amounts recognised in the respective combining entities' financial statements. The components of retained profits and other equity of the combining entities are added to the same components within the Group's equity. Intra-group balances and transactions and the resulting unrealised profits are eliminated on combination. Unrealised losses are eliminated on combination and the relevant assets are assessed for impairment. The combined financial statements reflect external transactions and balances only.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.5 Property, Plant and Equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. The annual depreciation rates are as follows :-

Buildings	2%
Plant and machinery	10%
Office equipment	10% - 20%
Furniture and fittings	10% - 20%
Tools and equipment	20%
Motor vehicles	14% - 20%
Computer	20% - 25%
Renovation	10%

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.10.2.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

2.6 Intangible Assets***Computer software***

The costs of computer software are carried at costs less accumulated amortisation and any accumulated impairment losses. Costs include their purchase prices and any directly attributable costs of preparing the assets for their intended use. These costs are amortised on the straight-line basis over the period the assets are expected to generate economic benefits, at a rate of 25% per annum.

The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimates being accounted for on a prospective basis.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.7 Inventories**

Inventories are valued at the lower of cost (determined on the first-in-first-out basis) and net realisable value. Costs of raw materials and trading goods comprise purchase price and other costs directly attributable to the purchase of inventories. For finished goods and work-in-progress, cost consists of materials, direct labour and an appropriate proportion of production overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

2.8 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to :-

- the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment in the trade date.

2.8.1 Classification

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets :-

- (a) at amortised cost;
- (b) fair value through other comprehensive income; and
- (c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

2.8.2 Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.8 Financial Assets (Cont'd)****2.8.2 Measurement (Cont'd)**

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories :-

(i) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition :-

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

(ii) Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL at initial recognition :-

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

12. ACCOUNTANTS' REPORT (cont'd)

EPB GROUP BERHAD

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.8 Financial Assets (Cont'd)****2.8.2 Measurement (Cont'd)****(a) Debt instruments (Cont'd)****(iii) Fair value through profit or loss ("FVTPL")**

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

2.8.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.9 Cash and Cash Equivalents**

Cash and cash equivalents include cash and bank balances, deposits with licensed bank and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, reduced by bank overdrafts. The statement of cash flows is prepared using the indirect method.

2.10 Impairment**2.10.1 Financial assets and contract assets**

The Group recognises loss allowance for expected credit losses ("ECLs") on :-

- financial assets measured at amortised cost;
- debt instruments measured at fair value through other comprehensive income ("FVOCI");
- contract assets;
- lease receivables; and
- financial guarantee contracts.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months i.e. a 12-month ECL. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default i.e. a lifetime ECL.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.10 Impairment (Cont'd)****2.10.1 Financial assets and contract assets (Cont'd)**

The Group considers a financial asset in default when contractual payments are 11 months past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow in its entirety or a portion thereof.

An impairment loss in respect of financial assets measured at amortised cost and contract assets is recognised in profit or loss and the carrying amount of the assets is reduced through the use of an allowance account.

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

2.10.2 Non-financial assets

The carrying amounts of non-financial assets (other than inventories and deferred tax assets) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

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Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.11 Share Capital**

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

2.12 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

2.12.1 Classification and measurement

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial liabilities at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

(a) Fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL upon initial recognition or derivatives that are liabilities.

A financial liability is classified as held for trading if :-

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

After initial recognition, financial liabilities at FVTPL are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. If a financial liability is designated as at FVTPL, the change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining change in fair value of the liability is presented in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at FVTPL are recognised separately in profit or loss as part of other income or other expenses.

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Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.12 Financial Liabilities (Cont'd)****2.12.1 Classification and measurement (Cont'd)****(b) Amortised cost**

All financial liabilities, other than those categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

A gain or loss on other financial liabilities is recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

2.12.2 Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a 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.

2.13 Offsetting Financial Instruments

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.14 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 Revenue from Contracts with Customers. The loss allowance on financial guarantee contracts, if any, is recognised as a provision and is reported under current liabilities.

2.15 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

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Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.16 Leases****The Group as a Lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Depreciation rates for right-of-use assets are as follows :-

Long term leasehold land	Amortised over remaining lease periods ranging between 51 and 60 years
Buildings	2 - 3 years
Plant and machinery	10%
Motor vehicles	14% - 20%

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise :-

- fixed lease payments (including in-substance fixed payments), less lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Variable lease payments that are not included in the measurement of the lease liability are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

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Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.16 Leases (Cont'd)**

The lease liability is subsequently measured at amortised cost using the effective interest method and is remeasured when (a) there is a change in future lease payments arising from a change in an index or rate; (b) there is a change in the estimate of the amount expected to be payable under a residual value guarantee; (c) the Group changes its assessment of whether it will exercise a purchase, extension or termination option; or (d) there is change in lease payments. When the lease liability is remeasured, the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.17 Income Taxes

Tax expense is the aggregate amount of current and deferred taxes. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

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 they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.18 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.19 Employee Benefits**2.19.1 Short-term employee benefits**

Wages, salaries and social security contributions, paid annual and sick leave, bonuses and non-monetary benefits are recognised as an expense in profit or loss or included in the costs of assets, where applicable, in the period in which the associated services are rendered by employees of the Group.

2.19.2 Post-employment benefits**Defined contribution plan**

The Group provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are recognised as an expense in profit or loss in the period to which the contributions relate or included in the costs of assets, where applicable.

2.19.3 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits at the earlier of (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the Group recognises costs for a restructuring.

Termination benefits falling over more than twelve (12) months after the end of the reporting period are discounted to present value.

2.20 Revenue Recognition**2.20.1 Revenue from Contracts with Customers**

The Group recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Depending on the term of a contract with customer, control may transfer over time or at a point of time.

12. ACCOUNTANTS' REPORT (cont'd)

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Accountants' Report (Cont'd)

2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)

2.20 Revenue Recognition (Cont'd)

2.20.1 Revenue from Contracts with Customers (Cont'd)

Control of a good or service is transferred over time when one of the following criteria is met :-

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Where one of the above conditions is met, the Group recognises revenue over time. Otherwise, revenue is recognised at a point in time.

The following described the performance obligation of contracts with customers :-

(a) Sales of machinery and equipment

Revenue from sales of machinery and equipment is recognised at a point in time when control of the asset is transferred to the customer, generally on acceptance by customers.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of machinery and equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(b) Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of machinery and equipment to a customer. The installation services can be obtained from other providers and do not significantly customise or modify the machinery and equipment.

The Group recognises revenue from installation services at point in time as the customer does not simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of the machinery and equipment are recognised at a point in time, generally upon delivery of the equipment.

(c) Provision of maintenance services

Revenue from maintenance services is recognised in the profit or loss upon rendering of such services.

(d) Sale of packaging films and packaging bags

Revenue from sales of packaging films and packaging bags are recognised at a point in time when control of the asset is transferred to the customer, generally on acceptance by customers.

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Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.20 Revenue Recognition (Cont'd)****2.20.2 Revenue from other sources and other income****(a) Interest**

Interest income is recognised on an accrual basis using the effective interest method.

(b) Rental income

Rental income is recognised on an accrual basis over the period of tenancy.

2.21 Foreign Currencies**2.21.1 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 i.e. the entity's functional currency. The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.21.2 Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entities' functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of foreign currency non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are recognised to other comprehensive income.

2.21.3 Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows :-

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

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Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.21 Foreign Currencies (Cont'd)****2.21.3 Foreign operations (Cont'd)**

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows :-
(Cont'd)

- Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and are accumulated in foreign currency translation reserve within equity.

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in the functional currency of the Company or the foreign operation are recognised in profit or loss of the Company or of the foreign operation, as appropriate. In the Group's financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under foreign currency translation reserve will be reclassified to profit or loss.

2.22 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, net of treasury shares held, for the effects of all dilutive potential ordinary shares.

2.23 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. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors that makes strategic decisions, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2.24 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and leasing transactions, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, 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.

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Accountants' Report (Cont'd)**2. Basis of Preparation and Summary of Significant Accounting Policies (Cont'd)****2.24 Fair Value Measurements (Cont'd)**

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :-

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between level of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

3. Critical Accounting Judgement and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires management to exercise their judgements in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these estimates and assumptions are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**3. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Cont'd)****3.2 Key sources of estimation uncertainty (Cont'd)****3.2.1 Impairment losses of receivables**

The Group apply the MFRS 9 simplified approach to measure expected credit losses (ECLs) which uses a lifetime loss allowance for all trade receivables. The Group uses a provisional matrix to calculate the ECLs. The provision matrix is initially based on historically observed rates and adjusted with forward looking information.

The assessment of the correlation between historical observed default rates, forward looking information and ECLs is a significant estimate. Where the actual outcome is different from the estimates, the difference will impact the carrying amount of the receivables.

3.2.2 Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the estimation of the provision for income taxes is made and which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

3.2.3 Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the availability of future taxable profits.

3.2.4 Depreciation

Property, plant and equipment are depreciated on a straight-line basis over its estimated useful lives. The carrying amounts of the Group's property, plant and equipment are stated in Note 4 to the financial statements. Changes in the expected level of usage and technological development could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

3.2.5 Net realisable value of inventories

Review is 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 valuations of inventories.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**4. Property, Plant and Equipment****2020**

	At beginning of year RM	Additions RM	Disposals RM	At end of year RM
Costs				
Buildings	9,173,390	-	-	9,173,390
Plant and machinery	320,305	1,386,040	-	1,706,345
Office equipment	806,681	163,956	(3,123)	967,514
Furniture and fittings	900,623	98,974	(722)	998,875
Motor vehicles	681,729	146,254	(106,037)	721,946
Tools and equipment	74,979	37,300	-	112,279
Computers	105,845	9,049	(2,314)	112,580
Renovation	1,299,620	317,684	-	1,617,304
	13,363,172	2,159,257	(112,196)	15,410,233
	At beginning of year RM	Charge for the year RM	Disposals RM	At end of year RM
Accumulated depreciation				
Buildings	821,031	183,468	-	1,004,499
Plant and machinery	118,907	161,101	-	280,008
Office equipment	634,429	71,669	(3,123)	702,975
Furniture and fittings	560,133	66,095	(722)	625,506
Motor vehicles	664,351	18,453	(93,772)	589,032
Tools and equipment	51,536	10,993	-	62,529
Computers	81,209	10,793	(2,314)	89,688
Renovation	604,079	107,240	-	711,319
	3,535,675	629,812	(99,931)	4,065,556
Accumulated impairment losses				
Plant and machinery	-	516,110	-	516,110

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**4. Property, Plant and Equipment (Cont'd)**

2021

	At beginning of year RM	Additions RM	Disposals / Written off RM	Transfers RM	At end of year RM
Costs					
Buildings	9,173,390	-	-	-	9,173,390
Plant and machinery	1,706,345	-	(584,000)	2,138,625	3,260,970
Office equipment	967,514	153,013	(407,562)	-	712,965
Furniture and fittings	998,875	35,574	(306,335)	-	728,114
Motor vehicles	721,946	214,305	(236,805)	552,239	1,251,685
Tools and equipment	112,279	5,760	-	-	118,039
Computers	112,580	45,449	(25,028)	-	133,001
Renovation	1,617,304	-	(297,921)	-	1,319,383
	15,410,233	454,101	(1,857,651)	2,690,864	16,697,547
	At beginning of year RM	Charge for the year RM	Disposals / Written off RM	Transfers RM	At end of year RM
Accumulated depreciation					
Buildings	1,004,499	183,468	-	-	1,187,967
Plant and machinery	280,008	361,974	(68,133)	821,651	1,395,500
Office equipment	702,975	88,815	(390,127)	-	401,663
Furniture and fittings	625,506	68,381	(303,301)	-	390,586
Motor vehicles	589,032	61,851	(236,806)	552,239	966,316
Tools and equipment	62,529	16,362	-	-	78,891
Computers	89,688	17,857	(24,864)	-	82,681
Renovation	711,319	131,935	(297,896)	-	545,358
	4,065,556	930,643	(1,321,127)	1,373,890	5,048,962
Accumulated impairment losses					
Plant and machinery	516,110	-	(516,110)	-	-

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**4. Property, Plant and Equipment (Cont'd)**

2022

	At beginning of year RM	Additions RM	Disposals / Written off RM	Transfers RM	At end of year RM
Costs					
Buildings	9,173,390	-	-	-	9,173,390
Plant and machinery	3,260,970	126,882	(88,893)	181,440	3,480,399
Office equipment	712,965	368,420	(7,758)	-	1,073,627
Furniture and fittings	728,114	12,172	-	-	740,286
Motor vehicles	1,251,685	19,000	(70,353)	267,428	1,467,760
Tools and equipment	118,039	-	-	-	118,039
Computers	133,001	29,965	(3,000)	-	159,966
Renovation	1,319,383	108,703	(4,660)	-	1,423,426
	<u>16,697,547</u>	<u>665,142</u>	<u>(174,664)</u>	<u>448,868</u>	<u>17,636,893</u>

	At beginning of year RM	Charge for the year RM	Disposals / Written off RM	Transfers RM	At end of year RM
Accumulated depreciation					
Buildings	1,187,967	183,468	-	-	1,371,435
Plant and machinery	1,395,500	327,884	(68,892)	58,968	1,713,460
Office equipment	401,663	151,523	(1,940)	-	551,246
Furniture and fittings	390,586	66,488	-	-	457,074
Motor vehicles	966,316	79,527	(70,353)	224,374	1,199,864
Tools and equipment	78,891	12,946	-	-	91,837
Computers	82,681	19,682	(3,000)	-	99,363
Renovation	545,358	140,361	(2,150)	-	683,569
	<u>5,048,962</u>	<u>981,879</u>	<u>(146,335)</u>	<u>283,342</u>	<u>6,167,848</u>

Carrying amounts as at

	2020 RM	2021 RM	2022 RM
Buildings	8,168,891	7,985,423	7,801,955
Plant and machinery	910,227	1,865,470	1,766,939
Office equipment	264,539	311,302	522,381
Furniture and fittings	373,369	337,528	283,212
Motor vehicles	132,914	285,369	267,896
Tools and equipment	49,750	39,148	26,202
Computers	22,892	50,320	60,603
Renovation	905,985	774,025	739,857
	<u>10,828,567</u>	<u>11,648,585</u>	<u>11,469,045</u>

The carrying amounts of property, plant and equipment of the Group which have been charged to the financial institutions in consideration for credit facilities granted as disclosed in Note 14 are as follows :-

	2020 RM	2021 RM	2022 RM
Buildings	<u>5,290,034</u>	<u>5,172,566</u>	<u>7,801,955</u>

12. ACCOUNTANTS' REPORT (cont'd)

EPB GROUP BERHAD

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Accountants' Report (Cont'd)

5. Right-of-Use Assets

2020

	At beginning of year RM	Additions RM	At end of year RM
Costs			
Long term leasehold land	5,050,283	-	5,050,283
Buildings	171,361	193,890	365,251
Plant and machinery	2,320,065	-	2,320,065
Motor vehicles	1,665,027	-	1,665,027
	<u>9,206,736</u>	<u>193,890</u>	<u>9,400,626</u>
	At beginning of year RM	Charge for the year RM	At end of year RM
Accumulated depreciation			
Long term leasehold land	546,617	90,643	637,260
Buildings	57,120	84,049	141,169
Plant and machinery	613,837	232,006	845,843
Motor vehicles	765,690	275,555	1,041,245
	<u>1,983,264</u>	<u>682,253</u>	<u>2,665,517</u>

2021

	At beginning of year RM	Additions RM	Derecogni- tion RM	Transfers RM	At end of year RM
Costs					
Long term leasehold land	5,050,283	-	-	-	5,050,283
Buildings	365,251	68,544	(171,361)	-	262,434
Plant and machinery	2,320,065	-	-	(2,138,625)	181,440
Motor vehicles	1,665,027	171,850	-	(552,239)	1,284,638
	<u>9,400,626</u>	<u>240,394</u>	<u>(171,361)</u>	<u>(2,690,864)</u>	<u>6,778,795</u>
	At beginning of year RM	Charge for the year RM	Derecogni- tion RM	Transfers RM	At end of year RM
Accumulated depreciation					
Long term leasehold land	637,260	90,643	-	-	727,903
Buildings	141,169	87,478	(114,240)	-	114,407
Plant and machinery	845,843	18,144	-	(821,651)	42,336
Motor vehicles	1,041,245	221,363	-	(552,239)	710,369
	<u>2,665,517</u>	<u>417,628</u>	<u>(114,240)</u>	<u>(1,373,890)</u>	<u>1,595,015</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

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Accountants' Report (Cont'd)

5. Right-of-Use Assets (Cont'd)

2022

	At beginning of year RM	Additions RM	Transfers RM	At end of year RM
Costs				
Long term leasehold land	5,050,283	-	-	5,050,283
Buildings	262,434	176,084	-	438,518
Plant and machinery	181,440	-	(181,440)	-
Motor vehicles	1,284,638	1,104,167	(267,428)	2,121,377
	<u>6,778,795</u>	<u>1,280,251</u>	<u>(448,868)</u>	<u>7,610,178</u>

	At beginning of year RM	Charge for the year RM	Transfers RM	At end of year RM
Accumulated depreciation				
Long term leasehold land	727,903	90,642	-	818,545
Buildings	114,407	132,491	-	246,898
Plant and machinery	42,336	16,632	(58,968)	-
Motor vehicles	710,369	374,063	(224,374)	860,058
	<u>1,595,015</u>	<u>613,828</u>	<u>(283,342)</u>	<u>1,925,501</u>

Carrying amounts as at

	2020 RM	2021 RM	2022 RM
Long term leasehold land	4,413,023	4,322,380	4,231,738
Buildings	224,082	148,027	191,620
Plant and machinery	1,474,222	139,104	-
Motor vehicles	623,782	574,269	1,261,319
	<u>6,735,109</u>	<u>5,183,780</u>	<u>5,684,677</u>

The carrying amounts of right-of-use assets of the Group which have been charged to the financial institutions in consideration for credit facilities granted as disclosed in Note 14 are as follows :-

	2020 RM	2021 RM	2022 RM
Long term leasehold land	<u>2,471,848</u>	<u>2,424,343</u>	<u>4,231,738</u>

12. ACCOUNTANTS' REPORT (cont'd)

EPB GROUP BERHAD

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Accountants' Report (Cont'd)

6. Intangible Assets**Computer software**

	2020 RM	2021 RM	2022 RM
Cost			
At beginning of year	150,451	154,351	188,357
Additions	3,900	34,006	1,920
At end of year	<u>154,351</u>	<u>188,357</u>	<u>190,277</u>
Accumulated amortisation			
At beginning of year	142,396	147,549	155,639
Charge for the year	5,153	8,090	9,516
At end of year	<u>147,549</u>	<u>155,639</u>	<u>165,155</u>
Net carrying amount	<u>6,802</u>	<u>32,718</u>	<u>25,122</u>

7. Inventories

	2020 RM	2021 RM	2022 RM
Raw materials	4,120,415	6,981,797	6,038,277
Work-in-progress	2,864,742	4,412,020	4,024,970
Finished goods	2,445,819	1,047,566	798,210
Trading goods	398,093	984,706	3,107,982
	<u>9,829,069</u>	<u>13,426,089</u>	<u>13,969,439</u>
	2020 RM	2021 RM	2022 RM
Recognised in profit or loss			
Inventories recognised as an expense	<u>33,537,651</u>	<u>39,611,287</u>	<u>50,311,336</u>

Inventories which are stated at their net realisable values as at 31 December 2022 amounted to RM408,218 (2021 : RM306,922, 2020 : RM247,148).

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**8. Trade Receivables**

	2020 RM	2021 RM	2022 RM
Trade receivables	13,430,890	14,122,646	11,625,639
Less: Allowance for impairment losses	(1,554,094)	(2,402,478)	(2,504,511)
	<u>11,876,796</u>	<u>11,720,168</u>	<u>9,121,128</u>

(a) The Group's normal credit periods of trade receivables throughout the financial years presented range from 0 to 180 days. Other credit periods are assessed and approved on a case by case basis.

(b) The Group's trade receivables are denominated in the following currencies :-

	2020 RM	2021 RM	2022 RM
Ringgit Malaysia	7,925,123	7,434,586	6,263,705
United States Dollar	3,951,673	4,285,582	2,857,423
	<u>11,876,796</u>	<u>11,720,168</u>	<u>9,121,128</u>

9. Other Receivables, Deposits and Prepayments

	2020 RM	2021 RM	2022 RM
Other receivables	576,534	171,082	130,296
Deposits	3,368,974	6,566,063	10,829,777
Less : Allowance for impairment losses	(81,280)	(81,280)	(87,900)
	3,287,694	6,484,783	10,741,877
Prepayments	109,861	161,222	274,385
	<u>3,974,089</u>	<u>6,817,087</u>	<u>11,146,558</u>

(a) The Group's other receivables, deposits and prepayments are denominated in the following currencies :-

	2020 RM	2021 RM	2022 RM
Ringgit Malaysia	1,786,811	2,074,781	2,380,058
United States Dollar	2,168,430	4,484,822	5,769,717
Chinese Renminbi	-	82,691	2,367,423
Euro	18,848	174,793	486,246
Others	-	-	143,114
	<u>3,974,089</u>	<u>6,817,087</u>	<u>11,146,558</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**10. Fixed Deposits with a Licensed Bank**

	2020 RM	2021 RM	2022 RM
Fixed deposits with a licensed bank	-	5,013	455,561
	2020	2021	2022
	% per annum	% per annum	% per annum
Effective interest rates as at end of reporting period	-	1.5	1.8

As at 31 December 2022, fixed deposit held as security for accepted bills facility granted to the Group as disclosed in Note 14 amounted to RM450,458 (2021 : NIL, 2020 : NIL).

11. Cash and Bank Balances

(a) The Group's cash and bank balances are denominated in the following currencies :-

	2020 RM	2021 RM	2022 RM
Ringgit Malaysia	7,850,510	7,777,158	7,169,312
United States Dollar	6,137,119	11,822,397	24,044,722
Euro	30,847	72,825	235,828
Singapore Dollar	70,204	309,679	22,666
Philippine Peso	78,067	64,270	17,163
Indonesia Rupiah	34,639	86,083	53,340
Myanmar Kyat	1,497	1,160	1,034
	14,202,883	20,133,572	31,544,065

(b) Cash at banks held as security as at 31 December 2022 for the accepted bills facility granted to the Group as disclosed in Note 14 amounted to RM21,000 (2021 : NIL, 2020 : NIL).

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**12. Share Capital and Invested Equity****12.1 Share Capital**

The movements in share capital during the financial years presented in this report are as follows :-

	Ordinary shares with no par value		
	2020	2021	2022
Number of shares			
At beginning of year	-	-	-
At date of incorporation	-	-	2
At end of year	-	-	2
Value (RM)			
At beginning of year	-	-	-
At date of incorporation	-	-	2
At end of year	-	-	2

12.2 Invested Equity

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of Easy Pack Machinery Sdn. Bhd., Easy Pack Manufacturing (M) Sdn. Bhd., Easy Pack Machinery (KL) Sdn. Bhd., Bestworld Engineering Sdn. Bhd., and Bestworld Perkasa Ltd./Labuan.

The movements of the invested equity during the financial years presented in this report are as follows :-

	Ordinary shares with no par value		
	2020	2021	2022
Number of shares			
At beginning / end of year	5,521,000	5,521,000	5,521,000
Value (RM)			
At beginning / end of year	5,552,360	5,552,360	5,552,360

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**13. Deferred Tax Liabilities**

	2020 RM	2021 RM	2022 RM
At beginning of year	714,127	766,611	895,299
Recognised in profit or loss (Note 22)	52,484	128,688	1,562,195
At end of year	<u>766,611</u>	<u>895,299</u>	<u>2,457,494</u>

13.1 The components and movements of deferred tax assets and liabilities, prior to offsetting, during the financial years presented in this report are as follows :-

2020

	As at 01.01.2020 RM	Recognised in profit or loss RM	As at 31.12.2020 RM
Deferred tax liabilities			
Excess of capital allowances over depreciation	916,714	35,494	952,208
Other taxable temporary differences	814	42,457	43,271
	<u>917,528</u>	<u>77,951</u>	<u>995,479</u>
Deferred tax assets			
Other deductible temporary differences	(175,535)	(39,176)	(214,711)
Lease liabilities	(27,866)	13,709	(14,157)
	<u>(203,401)</u>	<u>(25,467)</u>	<u>(228,868)</u>
	<u>714,127</u>	<u>52,484</u>	<u>766,611</u>

2021

	As at 01.01.2021 RM	Recognised in profit or loss RM	As at 31.12.2021 RM
Deferred tax liabilities			
Excess of capital allowances over depreciation	952,208	215,716	1,167,924
Other taxable temporary differences	43,271	(42)	43,229
	<u>995,479</u>	<u>215,674</u>	<u>1,211,153</u>
Deferred tax assets			
Other deductible temporary differences	(214,711)	(89,996)	(304,707)
Lease liabilities	(14,157)	3,010	(11,147)
	<u>(228,868)</u>	<u>(86,986)</u>	<u>(315,854)</u>
	<u>766,611</u>	<u>128,688</u>	<u>895,299</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**13. Deferred Tax Liabilities (Cont'd)**

13.1 The components and movements of deferred tax assets and liabilities, prior to offsetting, during the financial years presented in this report are as follows :- (Cont'd)

2022

	As at 01.01.2022 RM	Recognised in profit or loss RM	As at 31.12.2022 RM
Deferred tax liabilities			
Excess of capital allowances over depreciation	1,167,924	(51,558)	1,116,366
Undistributed profits of foreign subsidiary	-	1,867,492	1,867,492
Other taxable temporary differences	43,229	302	43,531
	<u>1,211,153</u>	<u>1,816,236</u>	<u>3,027,389</u>
Deferred tax assets			
Other deductible temporary differences	(304,707)	(259,525)	(564,232)
Lease liabilities	(11,147)	5,484	(5,663)
	<u>(315,854)</u>	<u>(254,041)</u>	<u>(569,895)</u>
	<u>895,299</u>	<u>1,562,195</u>	<u>2,457,494</u>

13.2 As at the end of the respective financial years, the amounts of unutilised other deductible temporary differences (stated at gross amounts) for which deferred tax assets have not been recognised in the financial statements presented are as follows :-

	2020 RM	2021 RM	2022 RM
Other deductible temporary differences	<u>745,714</u>	<u>949,372</u>	<u>998,764</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**14. Bank Borrowings****2020**

	Non-current RM	Current RM	Total RM
<u>Secured</u>			
Term loan 1	1,646,826	555,252	2,202,078
Term loan 2	971,975	249,717	1,221,692
	<u>2,618,801</u>	<u>804,969</u>	<u>3,423,770</u>
<u>Unsecured</u>			
Term loan 3	446,608	260,103	706,711
	<u>3,065,409</u>	<u>1,065,072</u>	<u>4,130,481</u>

2021

	Non-current RM	Current RM	Total RM
<u>Secured</u>			
Term loan 1	1,080,855	574,418	1,655,273
Term loan 2	703,769	262,262	966,031
	<u>1,784,624</u>	<u>836,680</u>	<u>2,621,304</u>
<u>Unsecured</u>			
Term loan 3	270,174	270,807	540,981
Revolving credit	-	1,000,000	1,000,000
	<u>270,174</u>	<u>1,270,807</u>	<u>1,540,981</u>
	<u>2,054,798</u>	<u>2,107,487</u>	<u>4,162,285</u>

2022

	Non-current RM	Current RM	Total RM
<u>Secured</u>			
Term loan 1	738,334	468,221	1,206,555
Term loan 2	659,728	157,181	816,909
Tawarruq financing	1,423,659	363,978	1,787,637
Accepted bills	-	367,834	367,834
	<u>2,821,721</u>	<u>1,357,214</u>	<u>4,178,935</u>
<u>Unsecured</u>			
Term loan 4	387,564	64,052	451,616
	<u>3,209,285</u>	<u>1,421,266</u>	<u>4,630,551</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**14. Bank Borrowings (Cont'd)****14.1** The repayment terms of the bank borrowings are as follows :-

- Term loan 1 of RM4,000,000 is repayable by 120 monthly instalments commencing from January 2017.
- Term loan 2 of RM1,600,000 is repayable by 120 monthly instalments commencing from January 2018.
- Term loan 3 was repayable by 96 monthly instalments of RM16,678 each commencing from July 2017. It was fully settled during year 2022.
- Term loan 4 is repayable by 84 monthly instalments of RM7,068 each commencing from March 2022.
- Tawarruq financing is repayable by 60 monthly instalments of RM36,330 each commencing from June 2022.

14.2 The bank borrowings are secured or guaranteed by the following :-

- Term loan 1 and Term loan 2 are secured as follows :-
 - Legal charge over the long term leasehold land and building of the Group; and
 - Joint and several guarantee by certain Directors of the Group.
- Term loan 3, Term loan 4 and revolving credit are guaranteed as follows :-
 - Joint and several guarantee by certain directors of the Group; and
 - Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPPB") guarantee under the Automation and Digital Guarantee Scheme for 80% of the principal and interest outstanding.
- Tawarruq financing is secured as follows :-
 - Legal charge over the Group long term leasehold land and building; and
 - Joint and several guarantee by directors of the Group.

Accepted bills is secured as follows :-

- Open all monies first party charge over cash deposit and letter of set-off;
- Placement of first party Islamic term deposit-i of RM450,000 held on lien with the bank;
- Collection of monthly sinking fund for RM3,000 commencing from June 2022;
- Joint and several guarantee for RM3,200,000 by certain directors of the Group; and
- SJPPB guarantee under the Working Capital Guarantee Scheme 2 in favour of the bank to secure the guarantee coverage of 70% of the facility limit.

14.3 The effective interest rates for the bank borrowings at the end of each reporting periods are as follows :-

	2020	2021	2022
	% per annum	% per annum	% per annum
Effective interest rates	<u>3.45 - 5.60</u>	<u>3.45 - 5.60</u>	<u>3.45 - 5.00</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**15. Lease Liabilities**

	2020 RM	2021 RM	2022 RM
Lease liabilities (non-current)	709,872	305,448	808,751
Lease liabilities (current)	845,708	325,224	488,977
	<u>1,555,580</u>	<u>630,672</u>	<u>1,297,728</u>
The changes in lease obligations are as follows :-			
At beginning of year	2,049,193	1,555,580	630,672
Lease payment			
- Principal amount	(687,503)	(1,106,313)	(398,028)
- Interest amount	(92,585)	(59,300)	(63,147)
Derecognition	-	(58,989)	-
Addition	193,890	240,394	1,065,084
Finance cost	92,585	59,300	63,147
At end of year	<u>1,555,580</u>	<u>630,672</u>	<u>1,297,728</u>

16. Trade Payables

- (a) The normal credit periods of the Group's trade payables for the respective financial years presented are as follows :-

	2020	2021	2022
Credit periods of trade payables	<u>0 to 120 days</u>	<u>0 to 120 days</u>	<u>0 to 120 days</u>

- (b) The Group's trade payables are denominated in the following currencies :-

	2020 RM	2021 RM	2022 RM
Ringgit Malaysia	1,516,152	1,598,640	1,630,450
United States Dollar	1,208,532	1,040,191	1,219,860
Chinese Renminbi	46,132	-	-
New Taiwan Dollar	860,040	1,250,223	661,142
Indonesia Rupiah	9,412	157,920	2,586
Philippine Peso	21,399	70,892	7,353
Euro	-	1,346	-
	<u>3,661,667</u>	<u>4,119,212</u>	<u>3,521,391</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**17. Other payables, Deposits and Accrued Liabilities**

	2020 RM	2021 RM	2022 RM
Other payables	2,251,329	545,056	495,840
Accrued liabilities	3,507,878	3,728,201	2,966,657
Customer deposits (Note 17(a))	11,175,126	18,426,009	25,618,777
	<u>16,934,333</u>	<u>22,699,266</u>	<u>29,081,274</u>

(a) Customer deposits relate to deposits made by customers for the purchases of machineries and related parts which were partially delivered or have yet to be delivered by the Group at the reporting date. The Group applies the practical expedient in MFRS 15 "Revenue from Contract with Customers" on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

(b) The Group's other payables are denominated in the following currencies :-

	2020 RM	2021 RM	2022 RM
Ringgit Malaysia	9,747,941	12,151,493	8,233,195
United States Dollar	7,186,392	10,431,799	20,508,375
Singapore Dollar	-	97,735	103,486
Philippine Peso	-	-	32,082
Euro	-	18,239	204,136
	<u>16,934,333</u>	<u>22,699,266</u>	<u>29,081,274</u>

18. Amount Owing to Directors

Amount owing to directors represent advances which are interest-free, unsecured and repayable on demand. Settlement is expected to be in cash.

19. Revenue

The Group's revenue is derived from the following business activities :-

	2020 RM	2021 RM	2022 RM
Provision of food processing and packaging machinery solutions	50,984,934	60,731,368	72,568,962
Trading of cellulose casings	6,854,020	9,736,557	11,901,663
Manufacturing and trading of flexible packaging materials	3,850,118	5,249,015	4,643,058
	<u>61,689,072</u>	<u>75,716,940</u>	<u>89,113,683</u>

Revenue is recognised at a point in time.

Disaggregation of revenue by geographical locations is disclosed in Note 27.2.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**20. Profit before Taxation**

	2020 RM	2021 RM	2022 RM
Profit before taxation is stated after charging/(crediting) :-			
Auditors' remuneration			
- Current year	54,674	80,062	114,735
- Under / (Over) provision in prior year	1,004	3,051	(14,709)
Allowances for impairment losses on receivables	237,379	936,119	605,184
Amortisation of intangible assets	5,153	8,090	9,516
Depreciation of :-			
- Plant, property and equipment	629,812	930,643	981,879
- Right-of-use assets	682,253	417,628	613,828
Directors' salaries and allowances	1,321,981	1,480,193	1,805,162
Expenses relating to short-term and low value leases :-			
- Rental of premises	140,328	115,215	121,806
- Rental of equipment	1,954	481	2,246
- Rental of motor vehicle	30,483	-	2,142
- Rental of plant and equipment	4,250	6,119	11,380
Interest expenses	438,379	337,133	343,796
Impairment loss on property, plant and equipment	516,110	-	-
Loss on foreign exchange :-			
- Realised	195,280	192,251	24,468
- Unrealised	114,733	18,455	126,428
Property, plant and equipment written off	-	164	22,511
Write-down in value of inventories	180,541	133,903	178,548
Write-off of inventories	-	-	108,384
Gain on disposal of property, plant and equipment	(54,733)	(44,999)	(47,182)
Gain on derecognition of right-of-use asset	-	(1,868)	-
Gain on foreign exchange :-			
- Realised	(74,944)	(8,037)	(135,930)
- Unrealised	(180,310)	(215,898)	(181,378)
Interest income	(27,016)	(46,483)	(8,736)
Rental income	(118,640)	(121,296)	(66,511)
Reversal of allowance for impairment loss on trade receivables	(145,172)	(97,663)	(525,248)
Reversal of write-down of inventories	(9,888)	(92,756)	(6,487)

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**21. Staff Costs and Employees Information**

	2020 RM	2021 RM	2022 RM
Staff costs comprise :-			
Salaries, allowances and bonuses	7,550,054	8,196,816	8,731,055
Contribution to defined contribution plan :-			
- Employees Provident Fund (EPF)	642,158	845,259	868,710
Others	510,528	484,950	708,619
	<u>8,702,740</u>	<u>9,527,025</u>	<u>10,308,384</u>

22. Taxation

	2020 RM	2021 RM	2022 RM
Current year Malaysian income tax	1,326,313	2,395,287	2,206,323
Deferred tax expense resulting from origination and reversal of temporary differences	94,694	113,560	1,749,915
	<u>1,421,007</u>	<u>2,508,847</u>	<u>3,956,238</u>
Under / (Over) provided in prior year :-			
- Income tax	64,952	(597,455)	(471,037)
- Deferred tax	(42,210)	15,128	(187,720)
	<u>1,443,749</u>	<u>1,926,520</u>	<u>3,297,481</u>

22.1 The general income tax rate in Malaysia throughout the financial years under review is 24% of taxable income. In respect of companies with paid-up capital of RM2,500,000 and below at the beginning of the year, the income tax rates are as follows :-

Year of assessment	Chargeable income	Rate of income tax
2020 to 2022	On the first chargeable income of RM600,000 and having gross income from business sources of not more than RM50,000,000	17%
	On subsequent chargeable income	24%

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**22. Taxation (Cont'd)**

22.2 A reconciliation of tax expense applicable to the profit before taxation at the applicable statutory tax rate to the tax expense at the effective tax rate of the Group is as follows :-

	2020 RM	2021 RM	2022 RM
Profit before taxation	7,741,786	13,852,972	15,579,261
Taxation at the statutory tax rate of 24%	1,858,030	3,324,714	3,739,023
Tax savings on profit taxable at reduced rate	(152,095)	(168,000)	(148,647)
	1,705,935	3,156,714	3,590,376
Tax effects in respect of :-			
Expenses not deductible for tax purposes	314,563	355,192	393,331
Double deduction of expenses	(2,278)	(7,274)	(8,774)
Utilisation of tax incentive	(425,093)	(64,310)	-
Utilisation of deferred tax assets previously not recognised	(127,356)	(18,827)	-
Income not subject to tax	(44,764)	(912,648)	(18,695)
Taxation under / (over) provided in prior year :-			
- Income tax	64,952	(597,455)	(471,037)
- Deferred tax	(42,210)	15,128	(187,720)
Total tax expense	1,443,749	1,926,520	3,297,481

23. Earnings Per Share**23.1 Basic**

The basic earnings per share is calculated based on the Group's profit for the financial years attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial years as show below :-

	2020	2021	2022
Profit for the year attributable to ordinary equity holders of the parent entity (RM)	6,298,037	11,926,452	12,281,780
Weighted average number of ordinary shares outstanding during the financial year (units)	372,000,002 ⁽¹⁾	372,000,002 ⁽¹⁾	372,000,002 ⁽¹⁾
Earnings per share (RM)	0.02	0.03	0.03

(1) The weighted average number of ordinary shares is based on the enlarged share capital of the Company upon proposed listing on the ACE Market of Bursa Malaysia Securities Berhad. For the purpose of calculating the earnings per share for the financial years ended 31 December 2020 to 31 December 2022, the same weighted average number of ordinary shares has been used as if the entire enlarged share capital of the Company has been in existence since the beginning of the earliest period presented.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**23. Earnings Per Share (Cont'd)****23.2 Diluted**

The diluted earnings per share is equal to the basic earnings per share as there are no dilutive potential ordinary shares outstanding as at 31 December 2020, 31 December 2021 and 31 December 2022.

24. Dividends

	2020 RM	2021 RM	2022 RM
Dividends declared by :-			
Easy Pack Machinery Sdn. Bhd.			
- Single tier interim dividend of RM0.9238 per share in respect of the financial year ended 31 December 2021	-	2,000,000	-
Easy Pack Machinery (KL) Sdn. Bhd.			
- Single tier interim dividend of RM0.8576 per share in respect of the financial year ended 31 December 2020	500,000	-	-
- Single tier interim dividend of RM0.6355 per share in respect of the financial year ended 31 December 2021	-	370,500	-
Bestworld Engineering Sdn. Bhd.			
- Single tier interim dividend of RM2.0000 per share in respect of the financial year ended 31 December 2021	-	1,600,000	-
Bestworld Perkasa Ltd./Labuan			
- Interim dividend of USD60 per share in respect of the financial year ended 31 December 2020	2,520,660	-	-
- Interim dividend of USD40 per share in respect of the financial year ended 31 December 2021	-	1,666,000	-
Easy Pack Manufacturing (M) Sdn. Bhd.			
- Single tier interim dividend of RM0.1019 per share in respect of the financial year ended 31 December 2022	-	-	200,000
	<u>3,020,660</u>	<u>5,636,500</u>	<u>200,000</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**25. Notes to Combined Statements of Cash Flows****25.1 Liabilities arising from financing activities**

Changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes, during the financial years presented in the combined statements of cash flows are analysed in the tables below.

2020

	Bank borrowings RM	Lease liabilities RM	Total RM
Balance at 1 January 2020	5,823,709	2,049,193	7,872,902
Acquisition of right-of-use assets	-	193,890	193,890
Net cash flow	<u>(1,693,228)</u>	<u>(687,503)</u>	<u>(2,380,731)</u>
Balance at 31 December 2020	<u>4,130,481</u>	<u>1,555,580</u>	<u>5,686,061</u>

2021

	Bank borrowings RM	Lease liabilities RM	Total RM
Balance at 1 January 2021	4,130,481	1,555,580	5,686,061
Acquisition of right-of-use assets	-	240,394	240,394
Derecognition	-	(58,989)	(58,989)
Net cash flow	<u>31,804</u>	<u>(1,106,313)</u>	<u>(1,074,509)</u>
Balance at 31 December 2021	<u>4,162,285</u>	<u>630,672</u>	<u>4,792,957</u>

2022

	Bank borrowings RM	Lease liabilities RM	Total RM
Balance at 1 January 2022	4,162,285	630,672	4,792,957
Acquisition of right-of-use assets	-	1,065,084	1,065,084
Net cash flow	<u>468,266</u>	<u>(398,028)</u>	<u>70,238</u>
Balance at 31 December 2022	<u>4,630,551</u>	<u>1,297,728</u>	<u>5,928,279</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**25. Notes to Combined Statements of Cash Flows (Cont'd)**

25.2 Total cash outflows for leases for the financial years are as follows :-

	2020 RM	2021 RM	2022 RM
Payments of lease liabilities	687,503	1,106,313	398,028
Interest paid in relation to lease liabilities	92,585	59,300	63,147
Payments relating to short-term leases	177,015	121,815	137,574
Total cash outflows for leases	<u>957,103</u>	<u>1,287,428</u>	<u>598,749</u>

25.3 Addition of right-of-use assets

Right-of-use assets of the Group are acquired by the following means :-

	2020 RM	2021 RM	2022 RM
Cash payments	-	-	215,167
Lease financing	193,890	240,394	1,065,084
	<u>193,890</u>	<u>240,394</u>	<u>1,280,251</u>

26. Related Party Relationships And Transactions

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to 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 subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than those already disclosed elsewhere in these financial statements, the transactions carried out with related parties during the financial years presented in this report and balances at end of the respective financial years are disclosed below.

26.1 The transactions with related parties

	2020 RM	2021 RM	2022 RM
Transactions with companies in which certain Directors of the Group have substantial financial interests :-			
<u>Income / (Expenses)</u>			
Sales to related parties	2,564,589	1,404,931	-
Purchases from related parties	(2,724,727)	(493,904)	(22)
Rental charged to related parties	118,640	112,511	-
Rental charged by a related party	-	(17,860)	-
Other expenses charged by related parties	(51,353)	(18,520)	(533,261)
Disposal of property, plant and equipment to a related party	1,000	-	-
Acquisition of property, plant and equipment from related parties	(1,297,563)	(170,315)	(319,000)
Sales commission charged by related parties	<u>(523,383)</u>	<u>(358,727)</u>	<u>-</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**26. Related Party Relationships And Transactions (Cont'd)****26.1 The transactions with related parties (Cont'd)**

	2020 RM	2021 RM	2022 RM
Expenses paid on behalf of the related parties by the Group	243,347	206,668	790
Transactions with Directors :-			
Rental expenses	(132,400)	(108,600)	(110,000)

26.2 Year-end outstanding balances with corporations in which certain directors of the Group have substantial financial interests

	2020 RM	2021 RM	2022 RM
Amount owing by / (to) :-			
Included in trade receivables	1,778,972	1,404,935	-
Included in other receivables	813,737	102,528	-
Included in trade payables	(210,916)	(19,674)	(36,391)
Included in other payables	(1,439,541)	(131,730)	-

No specific impairment losses have been recognised on amounts receivable from related parties.

26.3 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Company are the Directors of the Group and their remuneration for the financial years are disclosed in Note 20.

27. Segmental Information**27.1 Reportable segment**

The Group's operations comprise mainly of provision of food processing and packaging machinery solutions, trading of cellulose casing as well as manufacturing and trading of flexible packaging materials, collectively considered as one business segment. Accordingly, the operating revenue and results of this segment are reflected in the Group's combined statements of profit or loss and other comprehensive income. The segment assets and liabilities are as presented in the Group's combined statements of financial position.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**27. Segmental Information (Cont'd)****27.2 Geographical information**

In determining geographical segments of the Group, "Revenue" is based on the geographical location of customers and "Non-current Assets" are based on the geographical location of the assets.

	2020 RM	2021 RM	2022 RM
Revenue from :-			
- Malaysian customers	26,320,958	36,005,222	43,417,166
- Overseas customers	35,368,114	39,711,718	45,696,517
	<u>61,689,072</u>	<u>75,716,940</u>	<u>89,113,683</u>
	2020 RM	2021 RM	2022 RM
Non-current assets located in Malaysia	<u>17,570,478</u>	<u>16,865,083</u>	<u>17,178,844</u>

27.3 Major customers

The following are major customers with revenue equal or more than ten (10) percent of the Group's revenue :-

	2020 RM	2021 RM	2022 RM
Customer A	11,280,835	*	*
Customer B	*	*	<u>9,663,054</u>

* Less than 10%

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**28. Financial Instruments and Financial Risk Management****28.1 Categories of Financial Instruments**

The Group's financial instruments as at the end of the financial years are categorised as follows :-

2020	Carrying Amounts RM	Amortised Cost RM
Financial assets		
Trade receivables	11,876,796	11,876,796
Other receivables and deposits [^]	3,864,228	3,864,228
Cash and bank balances	14,202,883	14,202,883
	<u>29,943,907</u>	<u>29,943,907</u>
Financial liabilities		
Trade payables	3,661,667	3,661,667
Other payables, deposits and accrued liabilities	16,934,333	16,934,333
Amount owing to directors	3,258,711	3,258,711
Bank borrowings	4,130,481	4,130,481
Lease liabilities	1,555,580	1,555,580
	<u>29,540,772</u>	<u>29,540,772</u>
	Carrying Amounts RM	Amortised Cost RM
2021		
Financial assets		
Trade receivables	11,720,168	11,720,168
Other receivables and deposits [^]	6,655,865	6,655,865
Fixed deposits with a licensed bank	5,013	5,013
Cash and bank balances	20,133,572	20,133,572
	<u>38,514,618</u>	<u>38,514,618</u>
Financial liabilities		
Trade payables	4,119,212	4,119,212
Other payables, deposits and accrued liabilities	22,699,266	22,699,266
Amount owing to directors	3,206,115	3,206,115
Bank borrowings	4,162,285	4,162,285
Lease liabilities	630,672	630,672
	<u>34,817,550</u>	<u>34,817,550</u>

[^] Exclude prepayments

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**28. Financial Instruments and Financial Risk Management (Cont'd)****28.1 Categories of Financial Instruments (Cont'd)**

The Group's financial instruments as at the end of the financial years are categorised as follows :- (Cont'd)

2022	Carrying Amounts RM	Amortised Cost RM
Financial assets		
Trade receivables	9,121,128	9,121,128
Other receivables and deposits [^]	10,872,173	10,872,173
Fixed deposits with a licensed bank	455,561	455,561
Cash and bank balances	31,544,065	31,544,065
	<u>51,992,927</u>	<u>51,992,927</u>
Financial liabilities		
Trade payables	3,521,391	3,521,391
Other payables, deposits and accrued liabilities	29,081,274	29,081,274
Amount owing to directors	6,083	6,083
Bank borrowings	4,630,551	4,630,551
Lease liabilities	1,297,728	1,297,728
	<u>38,537,027</u>	<u>38,537,027</u>

[^] Exclude prepayments

28.2 Financial Risk Management

The Group's overall financial risk management objective is to seek to address and control the risks to which the Group is exposed and to minimise or avoid the incidence of loss that may result from its exposure to such risks and to enhance returns where appropriate.

The Board is primarily responsible for the management of these risks and to formulate policies and procedures for the management thereof. The risks are managed by regular risk reviews, internal control systems, on-going formulation and adherence to financial risk policies and mitigated by insurance coverage where appropriate. Various risk management actions are taken depending on the assessment of the impact and likelihood of the risk.

(a) Credit risk

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its trade and other receivables, refundable deposits, cash and bank balances.

Credit risk is addressed by the application of credit evaluation and close monitoring procedures by the management. New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

12. ACCOUNTANTS' REPORT (cont'd)

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Accountants' Report (Cont'd)

28. Financial Instruments and Financial Risk Management (Cont'd)

28.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

It is inherent in the Group's business to make individually large sales to its customers that may lead to a significant concentration of credit risks. Such risks are managed by ensuring that transactions are only carried out with customers with a reliable financial profile.

The Group's maximum exposure to credit risk as at the end of each reporting period is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

As at the end of the reporting period, the Group has significant concentration of credit risk arising from exposure to debts owing by 1 (2021 : 1, 2020 : Nil) major customer representing approximately 13% (2021 : 14%, 2020 : Nil) of the total trade receivables. The amount due and repayment from these customers are closely monitored by the management to ensure that the credit limits and terms agreed with the customers are complied with.

The Group's short-term deposits and bank balances are only placed with licensed banks and the management consider the risk of material loss in the event of non-performance by the financial counterparty to be unlikely.

Recognition and measurement of impairment loss

(i) Trade receivables

The Group uses an allowance matrix to measure Expected Credit Losses (ECL) on trade receivables. Loss rates are calculated using "roll rate" method based on probability of a receivables progressing through successive stages of delinquency to 11 months past due.

Loss rate are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to 11 months past due. Loss rate are based on actual credit loss experience over the past three years. The Company also considers forward looking macroeconomic factors that is affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**28. Financial Instruments and Financial Risk Management (Cont'd)****28.2 Financial Risk Management (Cont'd)****(a) Credit risk (Cont'd)**Recognition and measurement of impairment loss (Cont'd)**(i) Trade receivables (Cont'd)**

The following contain analyses of the credit risk exposure of trade receivables for which an ECL allowance is recognised.

	Gross carrying amount RM	Allowance for impairment loss RM	Net carrying amount RM
2020			
Not past due	3,865,055	374,826	3,490,229
1 - 30 days past due	3,441,792	119,714	3,322,078
31 - 60 days past due	651,165	12,817	638,348
More than 60 days past due	5,472,878	1,046,737	4,426,141
	<u>13,430,890</u>	<u>1,554,094</u>	<u>11,876,796</u>
2021			
Not past due	8,809,497	171,272	8,638,225
1 - 30 days past due	990,480	54,704	935,776
31 - 60 days past due	736,814	102,793	634,021
More than 60 days past due	3,585,855	2,073,709	1,512,146
	<u>14,122,646</u>	<u>2,402,478</u>	<u>11,720,168</u>
2022			
Not past due	5,065,178	154,193	4,910,985
1 - 30 days past due	2,184,992	81,341	2,103,651
31 - 60 days past due	520,088	44,253	475,835
More than 60 days past due	3,855,381	2,224,724	1,630,657
	<u>11,625,639</u>	<u>2,504,511</u>	<u>9,121,128</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**28. Financial Instruments and Financial Risk Management (Cont'd)****28.2 Financial Risk Management (Cont'd)****(a) Credit risk (Cont'd)**Recognition and measurement of impairment loss (Cont'd)**(i) Trade receivables (Cont'd)**

Movements in allowance for impairment loss on trade receivables during the financial years under review :-

	2020 RM	2021 RM	2022 RM
At beginning of financial year	1,474,404	1,554,094	2,402,478
Additional allowance for impairment loss	237,379	936,119	605,184
Reversal of allowance for impairment loss	(145,172)	(97,663)	(531,868)
Bad debts written off	-	(4,501)	-
Exchange differences	(12,517)	14,429	28,717
At end of financial year	<u>1,554,094</u>	<u>2,402,478</u>	<u>2,504,511</u>

(ii) Other receivables

Impairment of other receivables is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of impairment is based on whether has been a significant increase in credit risk since initial recognition of the financial assets.

For those in which the credit risk has not increase significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross internet income are recognised. For those in which the credit risk has increase significantly, lifetime expected credit losses along with the gross internet income are recognised.

Movements in allowance for impairment loss on other receivables during the financial years under review :-

	2020 RM	2021 RM	2022 RM
At beginning of financial year	81,280	81,280	81,280
Additional allowance for impairment loss	-	-	6,620
At end of financial year	<u>81,280</u>	<u>81,280</u>	<u>87,900</u>

(iii) Cash and bank balances

Cash and bank balances have low credit risk as they are placed with reputable financial institutions with strong credit rating and has no history of default. Consequently, the Directors are of the opinion that loss allowance is insignificant.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**28. Financial Instruments and Financial Risk Management (Cont'd)****28.2 Financial Risk Management (Cont'd)****(b) Liquidity and cash flow risks**

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

Liquidity and cash flow risks are addressed by annual and continuous review and forward planning of cash flow in relation to business plans to ensure a balanced and prudent portfolio of cash and other liquid assets and credit facilities is maintained. The proper management of currency, interest rate and credit risks have the effect of further minimising the incidence and effects of liquidity and cash flow risks.

Maturity analysis

The maturity profile of the Group's financial liabilities as at the end of each reporting period based on contractual undiscounted cash flows is as follows :-

	Maturity Profile			Total RM	Effective interest rate %
	Within 1 year RM	Between 1 year to 5 years RM	More than 5 years RM		
2020					
Trade payables	3,661,667	-	-	3,661,667	-
Other payables, deposits accrued liabilities	16,934,333	-	-	16,934,333	-
Amount owing to directors	3,258,711	-	-	3,258,711	-
Bank borrowings	1,125,468	3,366,552	-	4,492,020	3.45 to 5.60
Lease liabilities	907,368	741,729	-	1,649,097	4.31 to 6.18
	25,887,547	4,108,281	-	29,995,828	

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

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Accountants' Report (Cont'd)**28. Financial Instruments and Financial Risk Management (Cont'd)****28.2 Financial Risk Management (Cont'd)****(b) Liquidity and cash flow risks (Cont'd)****Maturity analysis (Cont'd)**

The maturity profile of the Group's financial liabilities as at the end of each reporting period based on contractual undiscounted cash flows is as follows :- (Cont'd)

	Maturity Profile			Total RM	Effective interest rate %
	Within 1 year RM	Between 1 year to 5 years RM	More than 5 years RM		
2021					
Trade payables	4,119,212	-	-	4,119,212	-
Other payables, deposits accrued liabilities	22,699,266	-	-	22,699,266	-
Amount owing to directors	3,206,115	-	-	3,206,115	-
Bank borrowings	2,125,468	2,241,663	-	4,367,131	3.45 to 5.60
Lease liabilities	349,808	319,095	-	668,903	4.31 to 6.18
	32,499,869	2,560,758	-	35,060,627	

	Maturity Profile			Total RM	Effective interest rate %
	Within 1 year RM	Between 1 year to 5 years RM	More than 5 years RM		
2022					
Trade payables	3,521,391	-	-	3,521,391	-
Other payables, deposits accrued liabilities	29,081,274	-	-	29,081,274	-
Amount owing to directors	6,083	-	-	6,083	-
Bank borrowings	1,573,942	3,344,347	99,589	5,017,878	3.45 to 5.00
Lease liabilities	543,252	862,239	-	1,405,491	3.87 to 6.35
	34,725,942	4,206,586	99,589	39,032,117	

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**28. Financial Instruments and Financial Risk Management (Cont'd)****28.2 Financial Risk Management (Cont'd)****(c) Currency risk**

The Group is exposed to foreign currency risk arising from transactions denominated in currencies other than the functional currency of the Group, i.e. Ringgit Malaysia ("RM"). The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The foreign currencies giving rise to this risk are primarily United States Dollar ("USD"), European Union Euro ("EUR"), Chinese Renminbi ("RMB") and New Taiwan Dollar ("NTD"). Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is maintained at an acceptable level.

The Group does not speculate in foreign currency derivatives.

Exposure to currency risk

The carrying amounts Group's monetary assets and monetary liabilities that are denominated in a foreign currency that is not the functional currency are as follows :-

	2020 RM	2021 RM	2022 RM
(Functional currency : RM)			
USD			
Included in :-			
- Trade receivables	252,791	259,347	371,607
- Other receivables and deposits	522,838	2,868,935	2,576,738
- Cash and bank balances	1,685,399	2,630,738	4,270,577
- Trade payables	(108,088)	(513,751)	(395,836)
- Other payables and deposits	-	(1,850,593)	(5,075,657)
	<u>2,352,940</u>	<u>3,394,676</u>	<u>1,747,429</u>
EUR			
Included in :-			
- Other receivables and deposits	18,848	174,793	128,997
- Cash and bank balances	25,902	68,110	231,144
- Trade payables	-	(1,346)	-
- Other payables and deposits	-	(18,239)	(204,136)
	<u>44,750</u>	<u>223,318</u>	<u>156,005</u>
RMB			
Included in :-			
- Other receivables and deposits	-	82,691	582,651
- Trade payables	(46,132)	-	-
	<u>(46,132)</u>	<u>82,691</u>	<u>582,651</u>
NTD			
Included in :-			
- Trade payables	(860,040)	(1,250,223)	(661,142)

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**28. Financial Instruments and Financial Risk Management (Cont'd)****28.2 Financial Risk Management (Cont'd)****(c) Currency risk (Cont'd)*****Exposure to currency risk (Cont'd)***

The carrying amounts Group's monetary assets and monetary liabilities that are denominated in a foreign currency that is not the functional currency are as follows :- (Cont'd)

	2020 RM	2021 RM	2022 RM
(Functional currency : USD)			
<u>EUR</u>			
Included in :-			
- Other receivables and deposits	-	-	357,249
- Cash and bank balances	4,945	4,715	4,684
	<u>4,945</u>	<u>4,715</u>	<u>361,933</u>
 <u>RMB</u>			
Included in :-			
- Other receivables and deposits	-	-	1,784,772
	<u>-</u>	<u>-</u>	<u>1,784,772</u>

Currency risk sensitivity analysis

A 10 percent strengthening of the foreign currencies against Ringgit Malaysia at the end of each reporting period would have increased or decreased the Group's profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2020 RM	2021 RM	2022 RM
(Functional currency : RM)			
USD	235,294	339,468	174,743
EUR	4,475	22,332	15,601
RMB	(4,613)	8,269	58,265
NTD	(86,004)	(125,022)	(66,114)
	<u>149,152</u>	<u>245,047</u>	<u>182,495</u>
(Functional currency : USD)			
EUR	495	472	36,193
RMB	-	-	178,477
	<u>495</u>	<u>472</u>	<u>214,670</u>
Increase in profit before tax	<u>149,647</u>	<u>245,519</u>	<u>397,165</u>

A 10 per cent weakening of the foreign currencies against Ringgit Malaysia would have had equal but opposite effect on the Group's profit or loss by the amounts shown above, on the basis that all other variables remain constant.

12. ACCOUNTANTS' REPORT (cont'd)

EPB GROUP BERHAD

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)

28. Financial Instruments and Financial Risk Management (Cont'd)**28.2 Financial Risk Management (Cont'd)****(d) Interest rate risk**

The Group is exposed to interest rate risk through the impact of rate changes of total borrowings - term loans, Tawarruq financing, revolving credit, accepted bills and lease liabilities.

The Group's total borrowings - revolving credit, accepted bills, lease liabilities and certain term loans are subject to interest based on fixed rates while the remaining term loans and Tawarruq financing are subject to interest based on floating rates.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments at the end of the reporting periods is as follows :-

	2020 RM	2021 RM	2022 RM
<u>Fixed rate instruments</u>			
Term loan	-	-	451,616
Revolving credit	-	1,000,000	-
Accepted bills	-	-	367,834
Lease liabilities	1,555,580	630,672	1,297,728
	<u>1,555,580</u>	<u>1,630,672</u>	<u>2,117,178</u>
<u>Floating rate instruments</u>			
Term loan	4,130,481	3,162,285	2,023,464
Tawarruq financing	-	-	1,787,637
	<u>4,130,481</u>	<u>3,162,285</u>	<u>3,811,101</u>

Interest rate risk sensitivity analysis

As the Group's total borrowings - revolving credit, accepted bills, lease liabilities and certain term loans are based on fixed rates, a change in interest rates at the end of the reporting periods presented would not affect profit or loss or equity.

In respect of the floating rate term loans and Tawarruq financing, a change in interest rate by +/- 10 basis points ("bps") at the end of the respective financial years presented would have the following impact on the Group's profit or loss :-

	2020 RM	2021 RM	2022 RM
+10 bps	(4,130)	(3,162)	(3,811)
-10 bps	4,130	3,162	3,811

28.3 Fair Value of Financial Instruments

The carrying amounts of the Group's financial assets and financial liabilities are reasonable approximation of their fair values due to their short-term nature or insignificant impact of discounting or that they are floating rate instruments that are priced to market interest rates.

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**29. Capital Commitments**

	2020 RM	2021 RM	2022 RM
Approved and contracted for :-			
Acquisition of property, plant and equipment	-	696,293	-
Acquisition of Enterprise Resource Planning (ERP) software license	-	-	418,902
	<u>-</u>	<u>696,293</u>	<u>418,902</u>

30. Capital Management

The Group's objectives in managing capital are to maintain and safeguard the Group's ability to continue as a going concern so as to provide for returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. In order to maintain optimal capital structure, the Group may, from time to time, adjust dividend payment to shareholder, return capital to shareholders, issue new shares, obtain new financing facilities or dispose assets to reduce borrowings. Other than the capping of payment of dividend at 30% of annual net profit after tax imposed by one of the financial institutions on Easy Pack Machinery Sdn Bhd, the Group is not subject to any form of externally imposed capital requirements.

There were no changes in the Group's approach to capital management throughout the financial years under review.

In the management of capital risk, management takes into consideration the net debt equity ratio as well as the Group's working requirements as follows :-

	2020 RM	2021 RM	2022 RM
Trade payables	3,661,667	4,119,212	3,521,391
Other payables, deposits and accrued liabilities	16,934,333	22,699,266	29,081,274
Amount owing to directors	3,258,711	3,206,115	6,083
Bank borrowings	4,130,481	4,162,285	4,630,551
Lease liabilities	1,555,580	630,672	1,297,728
	<u>29,540,772</u>	<u>34,817,550</u>	<u>38,537,027</u>
Less: Fixed deposits with a licensed bank and Cash and bank balance	<u>(14,202,883)</u>	<u>(20,138,585)</u>	<u>(31,999,626)</u>
Net debt	<u>15,337,889</u>	<u>14,678,965</u>	<u>6,537,401</u>
Total equity	<u>23,539,215</u>	<u>30,000,933</u>	<u>42,459,027</u>
Net debt against equity ratio	<u>0.65</u>	<u>0.49</u>	<u>0.15</u>

12. ACCOUNTANTS' REPORT (cont'd)**EPB GROUP BERHAD**

Registration No.: 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)**31. Significant Event**

In connection with a proposed scheme ("the Scheme") for the listing of share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company has entered into five (5) separate Share Sale Agreement ("SSA") on 9 December 2022 for the purpose of acquisition of companies ("the Acquisitions") as summarised below :-

(i) Acquisition of Bestworld Engineering Sdn. Bhd. ("BW Engineering")

The Company has entered into a SSA with Yeoh Chee Min and Liew Meng Hooi to acquire the entire equity interest in BW Engineering comprising 800,000 ordinary shares in BW Engineering for a purchase consideration of RM3,455,000 to be satisfied through the issuance of 34,550,000 new ordinary shares of the Company at an issue price of RM0.10 per share.

(ii) Acquisition of Bestworld Perkasa Ltd./Labuan ("BW Perkasa Labuan")

The Company has entered into a SSA with Yeoh Chee Min and Liew Meng Hooi to acquire the entire equity interest in BW Perkasa Labuan comprising 10,000 ordinary shares in BW Perkasa Labuan for a purchase consideration of RM6,592,000 to be satisfied through the issuance of 65,920,000 new ordinary shares of the Company at an issue price of RM0.10 per share.

(iii) Acquisition of Easy Pack Machinery Sdn. Bhd. ("EP Machinery")

The Company has entered into a SSA with Yeoh Chee Min and Ooi Kim Kew to acquire the entire equity interest in EP Machinery comprising 2,165,000 ordinary shares in EP Machinery for a purchase consideration of RM15,468,000 to be satisfied through the issuance of 154,680,000 new ordinary shares of the Company at an issue price of RM0.10 per share.

(iv) Acquisition of Easy Pack Machinery (KL) Sdn. Bhd. ("EP Machinery KL")

The Company entered into a SSA with Yeoh Chee Min and Teoh Joo Han to acquire the entire equity interest in EP Machinery KL comprising 583,000 ordinary shares in EP Machinery KL for a purchase consideration of RM2,129,000 to be satisfied through the issuance of 21,290,000 new ordinary shares of the Company at an issue price of RM0.10 per share.

(v) Acquisition of Easy Pack Manufacturing (M) Sdn. Bhd. ("EP Manufacturing")

The Company entered into a SSA with Yeoh Chee Min and Ooi Kim Kew to acquire the entire equity interest in EP Manufacturing comprising 1,963,000 ordinary shares in EP Manufacturing for a purchase consideration of RM2,399,000 to be satisfied through the issuance of 23,990,000 new ordinary shares of the Company at an issue price of RM0.10 per share.

In addition to the Acquisitions, the Scheme include :-

(i) The issuance of 71,570,000 new ordinary shares by the Company comprising :-

- public balloting of 19,570,000 new ordinary shares;
- pink form (for directors, key senior management, employees and business associates who have contributed to the success of the Group) of 21,196,000 new ordinary shares; and
- placement of 30,804,000 new ordinary shares.

(ii) An offer for sale by Yeoh Chee Min of 40,000,000 ordinary shares in the Company to the public.

12. ACCOUNTANTS' REPORT (cont'd)

EPB GROUP BERHAD

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)

31. Significant Event (Cont'd)

In addition to the Acquisitions, the Scheme include :- (Cont'd)

- (iii) The listing and quotation of the entire issued and paid-up share capital of the Company comprising 372,000,002 shares on the ACE Market of Bursa Securities.

The completion of the Acquisitions is subject to the following conditions precedent :-

- (i) The approval of Bursa Securities of the Scheme including the listing and quotation of all the issued shares of the Company on the Bursa Securities which approval shall be applied for by the Company;
- (ii) The approval of Ministry of Investment, Trade and Industry (MITI) of the Scheme including the sale and purchase of the shares and allocation of shares in the Company to approved Bumiputra investors;
- (iii) The approval of Securities Commission Malaysia's Equity Compliance Unit of the Scheme including the resultant equity structure of the Company under the Bumiputra equity requirement for public listed companies which approval shall be applied for by the Company;
- (iv) The approval of the shareholders of the Company in general meeting of the Scheme including the purchase of shares upon the terms and conditions herein set out and the issue of the consideration shares certified as fully paid up;
- (v) The approval of such other relevant authorities as are necessary for the implementation of the Scheme; and
- (vi) The simultaneous completion of the Acquisitions.

As at the date of this report, the Acquisitions, issuance of new ordinary shares and the listing and quotation of the Company's share capital on Bursa Securities are yet to be completed.

32. Subsequent Events

32.1 Payments of dividend

(a) BW Engineering

- (i) On 5 April 2023, the directors of BW Engineering declared an interim single tier tax-exempt dividend of RM0.3125 per ordinary share amounting to RM250,000 in respect of financial year ending 31 December 2023. This dividend was paid to its existing shareholders on 10 April 2023.
- (ii) On 11 May 2023, the directors of BW Engineering declared a second interim single tier tax-exempt dividend of RM2.3125 per ordinary share amounting to RM1,850,000 in respect of financial year ending 31 December 2023. This dividend was paid to its existing shareholders on 31 May 2023.

12. ACCOUNTANTS' REPORT (cont'd)

EPB GROUP BERHAD

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)

32. Subsequent Events (Cont'd)

32.1 Payments of dividend (Cont'd)

(b) EP Machinery

On 25 May 2023, the directors of EP Machinery declared an interim single tier tax-exempt dividend of RM0.2309 per ordinary share amounting to RM500,000 in respect of financial year ending 31 December 2023. This dividend was paid to its existing shareholders on 31 May 2023.

(c) EP Machinery KL

On 25 May 2023, the directors of EP Machinery KL declared an interim single tier tax-exempt dividend of RM0.1715 per ordinary share amounting to RM100,000 in respect of financial year ending 31 December 2023. This dividend was paid to its existing shareholders on 31 May 2023.

32.2 Acquisition of Enterprise Resource Planning (ERP) software system

On 31 July 2023, the Group has entered into an agreement with a supplier for the acquisition of an ERP software system for a total consideration of RM891,542.

33. Approval of Combined Financial Statements

The combined financial statements have been approved for issue in accordance with a resolution of the Boards of Directors on 8 September 2023.

12. ACCOUNTANTS' REPORT (cont'd)

EPB GROUP BERHAD

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Accountants' Report (Cont'd)

Statement By Directors

We, YEOH CHEE MIN and LIEW MENG HOOI, being two of the Directors of EPB GROUP BERHAD, state that, in the opinion of the Directors, the accompanying combined financial statements of the Group as set out on pages 4 to 65 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity as issued by the Securities Commission Malaysia, so as to give a true and fair view of the combined financial positions of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and of their combined financial performances and combined cash flows for the financial years ended on those dates.

Sign in accordance with a resolution of the Board of Directors,



YEOH CHEE MIN
Director



LIEW MENG HOOI
Director

Pulau Pinang

Date : **08 SEP 2023**

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

Folks DFK & Co (No. AF 0502)
Chartered Accountants



Date: **08 SEP 2023**

The Board of Directors
EPB GROUP BERHAD
PMT 1186, Jalan Perindustrian Bukit Minyak 18
Taman Perindustrian Bukit Minyak
Penang Science Park
14100 Simpang Ampat
Pulau Pinang

Dear Sirs,

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF EPB GROUP BERHAD AS AT 31 DECEMBER 2022

We have completed our assurance engagement to report on the compilation of pro forma combined statements of financial position of EPB Group Berhad ("EPB" or the "Company") and its proposed subsidiaries, namely Easy Pack Machinery Sdn. Bhd., Easy Pack Machinery (KL) Sdn. Bhd., Easy Pack Manufacturing (M) Sdn. Bhd., Bestworld Perkasa Ltd./Labuan and Bestworld Engineering Sdn. Bhd. together with its subsidiary, namely Bestworld Perkasa Ltd./United Arab Emirates (collectively referred to as the "Group") as at 31 December 2022 (the "Pro Forma Combined Statements of Financial Position"). The Pro Forma Combined Statements of Financial Position and the accompanying notes (the "Notes") which are set out in Attachment A (for which we have stamped for identification purposes) have been compiled by the Board of Directors of the Company (the "Directors") for inclusion in the Prospectus of the Company in connection with the initial public offering and the listing and quotation of the entire enlarged issued shares of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

The applicable criteria on the basis of which the Directors have compiled the Pro Forma Combined Statements of Financial Position are specified in Chapter 9, Part II Division 1 : Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and are described in the Notes in Attachment A.

The Pro Forma Combined Statements of Financial Position have been compiled by the Directors to illustrate the impact of events or transactions as set out in the Notes in Attachment A on the Group's financial position as at 31 December 2022, as if such events or transactions had taken place on 31 December 2022. As part of this process, information about the Group's financial position has been extracted by the Directors from the audited financial statements of the Company and its respective proposed subsidiaries for the financial year ended 31 December 2022, on which audit reports have been issued without any qualification.

Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The Directors are responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis specified in the Prospectus Guidelines and as described in the Notes in Attachment A.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)



Reporting Accountants' Independence and Quality Control (Cont'd)

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* and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis specified in the Prospectus Guidelines and as described in the Notes in Attachment A.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis specified in the Prospectus Guidelines and as described in the Notes in Attachment A.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position.

The purpose of the Pro Forma Combined Statements of Financial Position for inclusion in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if such events had occurred or such transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of such events or transactions at 31 December 2022 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis specified in the Prospectus Guidelines and as described in the Notes in Attachment A involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether :-

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Combined Statements of Financial Position reflect 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 Combined Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)



Opinion

In our opinion, the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis specified in the Prospectus Guidelines and as described in the Notes in Attachment A.

Other Matters

This report has been prepared solely to comply with the Prospectus Guidelines and for inclusion in the Prospectus of the Company in connection with the initial public offering and the listing and quotation of the entire enlarged issued shares of the Company on the ACE Market of Bursa Malaysia Securities Berhad, and should not be used or relied upon for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to be "John H...", written over a horizontal line.

FOLKS DFK & CO.
No. : AF 0502
Chartered Accountants

A handwritten signature in black ink, appearing to be "Leong Kok Tong", written over a horizontal line.

LEONG KOK TONG
No. : 02973/11/2023 J
Chartered Accountant

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*cont'd*)

EPB Group Berhad

Attachment A

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Pro Forma Combined Statements of Financial Position

1. Introduction

The pro forma combined statements of financial position of EPB Group Berhad ("EPB" or the "Company"), Easy Pack Machinery Sdn. Bhd. ("EP Machinery"), Easy Pack Machinery (KL) Sdn. Bhd. ("EP Machinery KL"), Easy Pack Manufacturing (M) Sdn. Bhd. ("EP Manufacturing"), Bestworld Perkasa Ltd./Labuan ("BW Perkasa Labuan"), Bestworld Engineering Sdn. Bhd. ("BW Engineering") and Bestworld Perkasa Ltd./United Arab Emirates ("BW Perkasa UAE") as at 31 December 2022 (the "Pro Forma Combined Statements of Financial Position") and the notes thereon, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only and for inclusion in the Prospectus of the Company in connection with the initial public offering and the listing and quotation of the entire enlarged issued shares of the Company on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing").

The Pro Forma Combined Statements of Financial Position have been prepared based on the assumption that the Pre-Listing Transactions and the Listing Scheme as described in Notes 2 and 3 respectively, were effected on 31 December 2022. The Pro Forma Combined Statements of Financial Position may not, because of their nature, give a true picture of the Group's actual financial position. Further, such financial information does not purport to predict the future financial position of the Group.

2. Pre-Listing Transactions

Prior to the Listing exercise, the Company and the Group will undertake the following transactions :-

2.1 Payments of Dividend

(a) BW Engineering

- (i) On 5 April 2023, the directors of BW Engineering declared an interim single tier tax-exempt dividend of RM0.3125 per ordinary share amounting to RM250,000 in respect of financial year ending 31 December 2023. This dividend was paid to its existing shareholders on 10 April 2023.
- (ii) On 11 May 2023, the directors of BW Engineering declared a second interim single tier tax-exempt dividend of RM2.3125 per ordinary share amounting to RM1,850,000 in respect of financial year ending 31 December 2023. This dividend was paid to its existing shareholders on 31 May 2023.

(b) EP Machinery

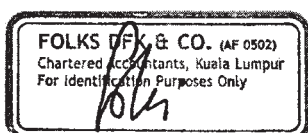
On 25 May 2023, the directors of EP Machinery declared an interim single tier tax-exempt dividend of RM0.2309 per ordinary share amounting to RM500,000 in respect of financial year ending 31 December 2023. This dividend was paid to its existing shareholders on 31 May 2023.

(c) EP Machinery KL

On 25 May 2023, the directors of EP Machinery KL declared an interim single tier tax-exempt dividend of RM0.1715 per ordinary share amounting to RM100,000 in respect of financial year ending 31 December 2023. This dividend was paid to its existing shareholders on 31 May 2023.

(d) BW Perkasa UAE

On 10 April 2023, the directors of BW Perkasa UAE declared to BW Engineering an interim dividend of USD5.3333 per ordinary share amounting to USD400,000 in respect of financial year ending 31 December 2023. This dividend was paid on 19 April 2023.



13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)

EPB Group Berhad

Attachment A

Registration No. : 202201007128 (1452825-U)

Incorporated in Malaysia

Pro Forma Combined Statements of Financial Position

2. Pre-Listing Transactions (Cont'd)

2.2 Pre-Listing Restructuring

To facilitate the Listing, the Company will undertake the following acquisitions :-

(a) Acquisition of the entire equity interest in EP Machinery

On 9 December 2022, the Company entered into a conditional share sale agreement ("SSA") with Yeoh Chee Min and Ooi Kim Kew to acquire the entire equity interest in EP Machinery comprising 2,165,000 ordinary shares in EP Machinery for a purchase consideration of RM15,468,000 to be satisfied through the issuance of 154,680,000 new ordinary shares of the Company at an issue price of RM0.10 per share.

The purchase consideration of RM15,468,000 for the acquisition of EP Machinery was arrived at on a "willing-buyer, willing-seller" basis, after taking into consideration the audited net assets of EP Machinery as at 31 December 2021 of approximately RM15,468,000.

(b) Acquisition of the entire equity interest in EP Machinery KL

On 9 December 2022, the Company entered into a conditional SSA with Yeoh Chee Min and Teoh Joo Han to acquire the entire equity interest in EP Machinery KL comprising 583,000 ordinary shares in EP Machinery KL for a purchase consideration of RM2,129,000 to be satisfied through the issuance of 21,290,000 new ordinary shares of the Company at an issue price of RM0.10 per share.

The purchase consideration of RM2,129,000 for the acquisition of EP Machinery KL was arrived at on a "willing-buyer, willing-seller" basis, after taking into consideration the audited net assets of EP Machinery KL as at 31 December 2021 of approximately RM2,129,000.

(c) Acquisition of the entire equity interest in EP Manufacturing

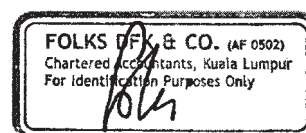
On 9 December 2022, the Company entered into a conditional SSA with Yeoh Chee Min and Ooi Kim Kew to acquire the entire equity interest in EP Manufacturing comprising 1,963,000 ordinary shares in EP Manufacturing for a purchase consideration of RM2,399,000 to be satisfied through the issuance of 23,990,000 new ordinary shares of the Company at an issue price of RM0.10 per share.

The purchase consideration of RM2,399,000 for the acquisition of EP Manufacturing was arrived at on a "willing-buyer, willing-seller" basis, after taking into consideration the audited net assets of EP Manufacturing as at 31 December 2021 of approximately RM2,399,000.

(d) Acquisition of the entire equity interest in BW Engineering

On 9 December 2022, the Company entered into a conditional SSA with Yeoh Chee Min and Liew Meng Hooi to acquire the entire equity interest in BW Engineering comprising 800,000 ordinary shares in BW Engineering for a purchase consideration of RM3,455,000 to be satisfied through the issuance of 34,550,000 new ordinary shares of the Company at an issue price of RM0.10 per share.

The purchase consideration of RM3,455,000 for the acquisition of BW Engineering was arrived at on a "willing-buyer, willing-seller" basis, after taking into consideration the audited consolidated net assets of BW Engineering and its subsidiary, namely BW Perkasa UAE as at 31 December 2021 of approximately RM3,455,000.



13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*cont'd*)

EPB Group Berhad

Attachment A

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Pro Forma Combined Statements of Financial Position

2. Pre-Listing Transactions (Cont'd)

2.2 Pre-Listing Restructuring (Cont'd)

To facilitate the Listing, the Company will undertake the following acquisitions :- (Cont'd)

(e) Acquisition of the entire equity interest in BW Perkasa Labuan

On 9 December 2022, the Company entered into a conditional SSA with Yeoh Chee Min and Liew Meng Hooi to acquire the entire equity interest in BW Perkasa Labuan comprising 10,000 ordinary shares in BW Perkasa Labuan for a purchase consideration of RM6,592,000 to be satisfied through the issuance of 65,920,000 new ordinary shares of the Company at an issue price of RM0.10 per share.

The purchase consideration of RM6,592,000 for the acquisition of BW Perkasa Labuan was arrived at on a "willing-buyer, willing-seller" basis, after taking into consideration the audited net assets of BW Perkasa Labuan as at 31 December 2021 of approximately RM6,592,000.

(Collectively hereinafter referred to as the "Acquisitions")

3. Listing Scheme

The Listing of the Company involves the following :-

3.1 Initial Public Offering ("IPO")

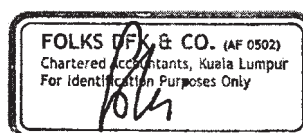
(a) Public Issue

Public issue of 71,570,000 new Shares ("Issue Shares") representing approximately 19.24% of the enlarged issued shares of the Company at an issue price of RM[●] per Issue Share. The Issue Shares will be offered in the following manner :-

- (i) 19,570,000 Issue Shares will be made available for application by the Malaysian public;
- (ii) 21,196,000 Issue Shares will be made available for application by the Directors of the Company, key senior management personnel, eligible employees and persons who have contributed to the success of the Group; and
- (iii) 30,804,000 Issue Shares will be made available for application by way of private placement to Bumiputera investors approved by the Ministry of Investment, Trade and Industry ("MITI").

(Collectively hereinafter referred to as the "Public Issue")

The proceeds to be raised from the Public Issue of RM[●] would be used for the Group's capital expenditure, working capital, repayment of bank borrowings and listing expenses as detailed in Note 5.4.



13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*cont'd*)

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3. Listing Scheme (Cont'd)

3.1 Initial Public Offering ("IPO") (Cont'd)

(b) Offer for Sale

Offer for sale of 40,000,000 existing Shares representing approximately 10.75% of the enlarged issued shares of the Company at an issue price of RM[●] per Share. The Shares will be offered in the following manner :-

- (i) 15,696,000 Shares by way of private placement to Bumiputera investors approved by the MITI; and
- (ii) 24,304,000 Shares by way of private placement to selected investors.

(Collectively hereinafter referred to as the "Offer for Sale")

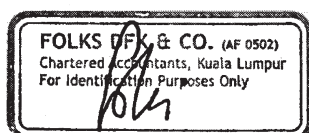
3.2 Listing and Quotation on the ACE Market of Bursa Malaysia Securities Berhad

The admission of EPB to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing and quotation of its entire enlarged issued shares comprising 372,000,002 Shares on the ACE Market of Bursa Securities.

4. Pro Forma Combined Statements of Financial Position as at 31 December 2022

The Pro Forma Combined Statements of Financial Position of the Group as at 31 December 2022 as set out below have been prepared for illustrative purposes only to show the effects on the combined statement of financial position of the Group as at 31 December 2022 had the transactions described in Notes 2 and 3 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

	Audited Statement of Financial Position of the Company as at 31.12.2022 RM	Pro Forma I	Pro Forma II	Pro Forma III
		(Note 5.2)	(Note 5.3)	(Note 5.4)
		Pre-Listing Transactions RM	After Pro Forma I, Public Issue and Offer for Sale RM	After Pro Forma II and the Utilisation of Proceeds RM
Assets				
Non-Current Assets				
Property, plant and equipment	-	11,469,045	11,469,045	11,469,045
Right-of-use asset	-	5,684,677	5,684,677	5,684,677
Intangible assets	-	25,122	25,122	25,122
	-	17,178,844	17,178,844	17,178,844
Current Assets				
Inventories	-	13,969,439	13,969,439	13,969,439
Trade receivables	-	9,121,128	9,121,128	9,121,128
Other receivables, deposits and prepayments	-	11,146,558	11,146,558	11,146,558
Tax recoverable	-	380,141	380,141	380,141
Fixed deposits with a licensed bank	-	455,561	455,561	455,561
Cash and bank balances	1,960	28,844,065	[●]	[●]
	1,960	63,916,892	[●]	[●]
Total Assets	1,960	81,095,736	[●]	[●]



13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*cont'd*)

EPB Group Berhad

Attachment A

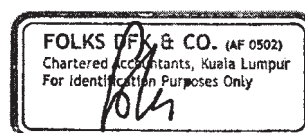
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Pro Forma Combined Statements of Financial Position

4. Pro Forma Combined Statements of Financial Position as at 31 December 2022 (Cont'd)

Audited Statement of Financial Position of the Company as at 31.12.2022 RM	Pro Forma I (Note 5.2)	Pro Forma II (Note 5.3)	Pro Forma III (Note 5.4)
	Pre-Listing Transactions RM	After Pro Forma I, Public Issue and Offer for Sale RM	After Pro Forma II and the Utilisation of Proceeds RM
Equity and Liabilities			
Equity Attributable to Owners of the Company			
Share capital	2 30,043,002	[•]	[•]
Merger deficit	- (24,490,640)	(24,490,640)	(24,490,640)
Translation reserve	- 427,371	427,371	427,371
(Accumulated losses)/Retained profits	(253,359) 33,779,294	33,779,294	[•]
Total Equity	(253,357) 39,759,027	[•]	[•]
Non-Current Liabilities			
Deferred tax liabilities	- 2,036,054	2,036,054	2,036,054
Bank borrowings	- 3,209,285	3,209,285	[•]
Lease liabilities	- 808,751	808,751	808,751
	- 6,054,090	6,054,090	[•]
Current Liabilities			
Bank borrowings	- 1,421,266	1,421,266	[•]
Lease liabilities	- 488,977	488,977	488,977
Trade payables	- 3,521,391	3,521,391	3,521,391
Other payables, deposits and accrued liabilities	253,317 29,081,274	29,081,274	29,081,274
Amount owing to directors	2,000 6,083	6,083	6,083
Tax payable	- 763,628	763,628	763,628
	255,317 35,282,619	35,282,619	[•]
Total Liabilities	255,317 41,336,709	41,336,709	[•]
Total Equity and Liabilities	1,960 81,095,736	[•]	[•]
Number of ordinary shares in issue	2 300,430,002	372,000,002	372,000,002
(Net liabilities) ("NL")/Net assets ("NA")	(253,357) 39,759,027	[•]	[•]
(NL)/NA per ordinary share in issue (RM)	(126,678.50) 0.13	[•]	[•]



13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*cont'd*)

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Pro Forma Combined Statements of Financial Position

5. Notes to the Pro Forma Combined Statements of Financial Position as at 31 December 2022

5.1 Basis of Preparation

The Pro Forma Combined Statements of Financial Position as at 31 December 2022 have been compiled by the Directors of the Company based on the audited financial statements of the Company as well as EP Machinery, EP Machinery KL, EP Manufacturing, BW Perkasa Labuan, BW Engineering and BW Perkasa UAE (collectively the "proposed subsidiaries") for the financial year ended 31 December 2022, which were prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of the audited financial statements and accounting policies adopted by the Company and the proposed subsidiaries.

The audit reports on the audited financial statements of the Company and its proposed subsidiaries for the financial year ended 31 December 2022 used in the preparation of the Pro Forma Combined Statements of Financial Position as at 31 December 2022 were not subject to any qualification.

Subsidiaries arising from common control combinations are consolidated using the principles of merger accounting. The common control combinations are business combinations in which all the combining entities are ultimately controlled by the same parties before and after such combinations, and that control is not transitory. Under the principles of merger accounting, the assets and liabilities of the combining entities are consolidated using the existing book values from the controlling parties' perspective and the results of each of the combining entity are presented as if the combination had been effected throughout the current and previous comparative periods presented. On consolidation, the cost of investment is matched against the nominal value of ordinary shares of acquired subsidiaries and any difference is taken to equity as merger reserve or merger deficit.

5.2 Pro Forma I

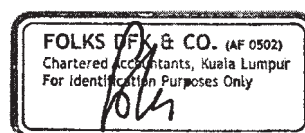
Pro Forma I incorporates the effects of payments of dividend as detailed in Notes 2.1(a) to (d) and the effects of the Acquisitions as detailed in Notes 2.2(a) to (e).

(a) Effects of payments of dividend

(i) Payments by BW Engineering, EP Machinery and EP Machinery KL (Notes 2.1(a) to (c))

The effects of payments of dividend amounting to RM2,700,000 as at 31 December 2022 are stated as follows :-

	Cash and bank balances RM	Retained profits RM
Aggregate amount of the Company and its proposed subsidiaries	31,544,065	36,479,294
Payments of dividend		
- BW Engineering (Note 2.1(a)(i))	(250,000)	(250,000)
- BW Engineering (Note 2.1(a)(ii))	(1,850,000)	(1,850,000)
- EP Machinery (Note 2.1(b))	(500,000)	(500,000)
- EP Machinery KL (Note 2.1(c))	(100,000)	(100,000)
Pro Forma I	28,844,065	33,779,294



13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)

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Pro Forma Combined Statements of Financial Position
5. Notes to the Pro Forma Combined Statements of Financial Position as at 31 December 2022 (Cont'd)
5.2 Pro Forma I (Cont'd)
(a) Effects of payments of dividend (Cont'd)
(ii) Payment by BW Perkasa UAE to BW Engineering (Note 2.1(d))

Deferred tax liability of RM1,867,492 associated with the undistributed profits of BW Perkasa UAE had been recognised in the consolidated financial statements of BW Engineering. In accordance with Schedule 6 Paragraph 28 of the Income Tax Act 1967, income derived from sources outside Malaysia and received in Malaysia by a resident in Malaysia shall be subjected to prevailing income tax with effect from 1 January 2022.

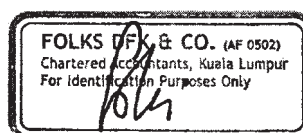
Upon payment of dividend from BW Perkasa UAE to BW Engineering, the deferred tax liability provided on undistributed profits will be reversed and current tax payable will be provided. The effects of deferred tax liability and current tax payable are as follows :-

	Deferred tax liability RM	Tax Payable RM
Aggregate amount of the Company and its proposed subsidiaries	2,457,494	342,188
Effects on dividend paid by BW Perkasa UAE to BW Engineering	(421,440)	421,440
Pro Forma I	<u>2,036,054</u>	<u>763,628</u>

(b) Effects of the Acquisitions

The Acquisitions are accounted for using the principles of merger accounting as the Company and the proposed subsidiaries are ultimately controlled by the same parties before and after the Acquisitions. The difference between the purchase consideration on the Acquisitions and the issued share capital of the proposed subsidiaries, are accounted for as a merger deficit as shown below :-

	RM
Purchase consideration for the Acquisitions of the proposed subsidiaries (Notes 2.2(a) to (e))	30,043,000
Less : Issued share capital of the proposed subsidiaries as at 31 December 2022	<u>(5,552,360)</u>
Merger deficit	<u>24,490,640</u>



13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)

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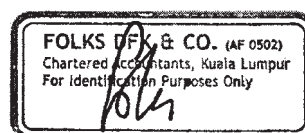
Pro Forma Combined Statements of Financial Position

5. Notes to the Pro Forma Combined Statements of Financial Position as at 31 December 2022 (Cont'd)

5.2 Pro Forma I (Cont'd)

The effects of payments of dividend and the Acquisitions on the Pro Forma Combined Statement of Financial Position as at 31 December 2022 are as follows :-

	Audited Statement of Financial Position of the Company as at 31.12.2022 RM	Effects of Payments of Dividend and Acquisitions RM	Proforma I RM
Property, plant and equipment	-	11,469,045	11,469,045
Right-of use assets	-	5,684,677	5,684,677
Intangible assets	-	25,122	25,122
Inventories	-	13,969,439	13,969,439
Trade receivables	-	9,121,128	9,121,128
Other receivables, deposits and prepayments	-	11,146,558	11,146,558
Tax recoverable	-	380,141	380,141
Fixed deposits with a licensed bank	-	455,561	455,561
Cash and bank balances	1,960	28,842,105	28,844,065
Share capital	2	30,043,000	30,043,002
Merger deficit	-	(24,490,640)	(24,490,640)
Translation reserve	-	427,371	427,371
(Accumulated losses)/Retained profits	(253,359)	34,032,653	33,779,294
Deferred tax liabilities	-	2,036,054	2,036,054
Bank borrowings :-			
- Non-current	-	3,209,285	3,209,285
- Current	-	1,421,266	1,421,266
Lease liabilities :-			
- Non-current	-	808,751	808,751
- Current	-	488,977	488,977
Trade payables	-	3,521,391	3,521,391
Other payables, deposits and accrued liabilities	253,317	28,827,957	29,081,274
Amount owing to directors	2,000	4,083	6,083
Tax payable	-	763,628	763,628



13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)**EPB Group Berhad****Attachment A**

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Pro Forma Combined Statements of Financial Position**5. Notes to the Pro Forma Combined Statements of Financial Position as at 31 December 2022 (Cont'd)****5.3 Pro Forma II**

Pro Forma II incorporates the effects of Pro Forma I, Public Issue and Offer for Sale as detailed in Notes 3.1(a) and (b) respectively.

The Offer for Sale has no financial impact on the Group. The effects of Public Issue on the affected line items of the Pro Forma Combined Statement of Financial Position as at 31 December 2022 are as follows :-

	Cash and bank balances RM	Share capital RM
Balance as per Pro Forma I (Note 5.2)	28,844,065	30,043,002
Public Issue of 71,570,000 new Shares at an issue price of RM[•] per Issue Share	[•]	[•]
Pro Forma II	<u>[•]</u>	<u>[•]</u>

Thereafter, the entire enlarged issued Shares comprising 372,000,002 Shares will be listed on the ACE Market of Bursa Securities.

5.4 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the effects of utilisation of proceeds from the Public Issue.

The proceeds of RM[•] are intended to be used as follows :-

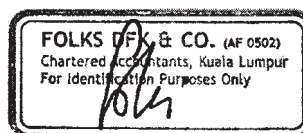
	RM
Capital expenditure (Note 5.4(a))	[•]
Working capital	[•]
Repayment of bank borrowings (Note 5.4(b))	[•]
Listing expenses (Note 5.4(c))	[•]
	<u>[•]</u>

(a) Capital expenditure

The estimated capital expenditure comprise the following :-

	RM
Acquisition of land	[•]
Construction of new factory and storage	[•]
Acquisition of new machinery	[•]
	<u>[•]</u>

As at 15 August 2023, being the latest practicable date prior to the date of the Prospectus ("LPD"), the RM[•] earmarked for the acquisition of land and new machinery and construction of a new factory. As at the LPD, the Group has yet to issue any purchase order or enter into sales and purchase agreement or any other contractual binding arrangement. Accordingly, the utilisation of proceeds for the acquisition of land and new machinery and construction of a new factory are not reflected in the Pro Forma Combined Statements of Financial Position.



13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)

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Pro Forma Combined Statements of Financial Position**5. Notes to the Pro Forma Combined Statements of Financial Position as at 31 December 2022 (Cont'd)****5.4 Pro Forma III (Cont'd)****(b) Repayment of bank borrowings**

As at the LPD, the total outstanding amount of the Group's bank borrowings is approximately RM4,960,000. While the Group has allocated proceeds of up to RM[●] to repay these liabilities, these liabilities are subject to prevailing interest rates, drawdowns and repayments from time to time. As such, the outstanding amount of these liabilities at the point of repayment may differ from the current amount as at the LPD.

(c) Listing expenses

The estimated listing expenses comprise the following :-

	RM
Professional fees	[●]
Fees to authorities	[●]
Underwriting, placement and brokerage fees	[●]
Other fees and expenses such as printing and advertising expenses incurred in connection with the Public Issue	[●]
Total	[●]

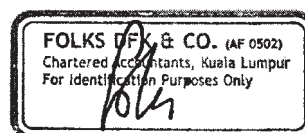
As at 31 December 2022, an aggregate amount of RM324,000 out of the total estimated listing expenses of RM[●] had already been charged to the retained profits.

Upon the completion of the IPO, listing expenses attributable to the new issuance of shares estimated at RM[●] will be deducted from the share capital of the Company and the remaining estimated listing expenses of RM[●] will be charged to the profit or loss of the Group.

(d) Summary of effects

The effects of the utilisation of proceeds from the Public Issue on the affected line items of the Pro Forma Combined Statement of Financial Position as at 31 December 2022 are as follows :-

	Bank borrowings RM	Cash and bank balances RM	Share capital RM	Retained profits RM
Balance as per Pro Forma II (Note 5.3)	4,630,551	[●]	[●]	33,779,294
Repayment of bank borrowings (Note 5.4(b)) :-				
- non-current	[●]	[●]	[●]	[●]
- current	[●]	[●]	[●]	[●]
Estimated listing expenses (Note 5.4(c)) :-				
- deducted from share capital	[●]	[●]	[●]	[●]
- charged to profit or loss	[●]	[●]	[●]	[●]
Pro Forma III	[●]	[●]	[●]	[●]



13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)

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Pro Forma Combined Statements of Financial Position

6. Approval by the Board of Directors

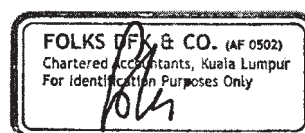
Approved and adopted by the Board of Directors of EPB Group Berhad in accordance with a resolution dated

08 SEP 2023

On behalf of the Board of Directors,


YEOH CHEE MIN
Director


LIEW MENG HOOI
Director



14. STATUTORY AND OTHER INFORMATION

14.1 SHARE CAPITAL

- (i) No Shares will be allotted or issued on the basis of this Prospectus later than six (6) months after the date of issue of this Prospectus.
- (ii) As at the date of this Prospectus, we have only one (1) class of share in our Company, being the Shares, all of which rank *pari passu* with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in this Prospectus, no shares and/or debentures, warrants, options, convertible securities or uncalled capital of our Company or our subsidiary companies have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) preceding years from the date of this Prospectus.
- (iv) Save for the Pink Form Allocations, there is no other scheme involving our Directors and employees in the capital of our Group.
- (v) As at the date of this Prospectus, neither our Company nor our Subsidiaries has any outstanding convertible debt securities.
- (vi) There is no limitation on the right to own our Shares, including limitations on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by law or by the constituent documents of our Company.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the remainder of our Constitution and by applicable law. The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless otherwise defined or the context otherwise requires: -

Words	Definition
“Appointing Director”	A director who appoints an alternate director under Clause 168.
“Benefits”	This term, when used in relation to benefits payable or to be given to directors, means any benefit referred to in Section 230(1) of CA.
“Convertible Securities”	This term is used in Rule 1.01 of AMLR. It means securities which may be converted or be exercised (by their terms of issue), into shares.
“Deposited Share or Depository Shares”	A share which is a Deposited Security.
“Depository”	This term means Bursa Malaysia Depository Sdn. Bhd., the depository of the Company’s shares prescribed under Section 14 of SICDA. This term can also mean another depository acting as such a depository, approved to be a central depository under SICDA. Successors-in-title and permitted assigns are also included in this term.
“DR”	Rules of the Depository. It covers the Procedural Manuals (as meant in those rules).

14. STATUTORY AND OTHER INFORMATION (cont'd)

“Existing Shares”	Shares in issue at the relevant time.
“General Meeting”	A meeting of shareholders held in accordance with the Constitution. This includes any General Meeting held as the Company’s Annual General Meeting.
“Laws”	CA, SICDA, and all regulations, DR, practice notes, practice directives and guidelines made under them.
“Listed Security or Listed Securities”	A security or securities of the Company admitted to the Official List.
“Non-Depository Shares”	This term is used to mean shares which are not Deposited Shares.
“Pay”	This term, when used in relation to the payment of commission, means a payment of commission in Section 80 of CA. For other times, when used elsewhere, this term can cover any kind of reward or payment for services.
“Person or People”	These terms cover corporate bodies and unincorporated bodies, established anywhere. They do not, however, cover unincorporated bodies, when used in relation to transfers or registration of shareholders which involve Deposited Shares and these bodies are not allowed or recognised under SICDA or DR.
“Registered Office”	The Company’s registered office.
“Registrar”	The Company’s registrar.
“Representative”	A person or persons authorised to act as representative of a corporation which is a shareholder, under Section 333 of CA.
“Rights”	This term, when used in relation to the rights of a share means, the rights attached to the share, when issued, or afterwards.
“ROM”	Register of members of the Company kept under CA.
“Securities”	The meaning of this term is as meant by Section 2 of CMSA.
“Share Scheme”	A scheme which involves a new issue of the Company’s shares or grant of the Company’s existing or new shares to eligible directors and employees of the Company or its subsidiaries.
“Shareholders”	Holders of the Company’s shares. Where those shares are deposited with the Depository under SICDA and DR, it must be a person whose name appears on the ROD as

14. STATUTORY AND OTHER INFORMATION (cont'd)

the holder of such shares and treated as a member of the Company under Section 35 of SICDA. This is subject to SICDFOR and the Constitution. This term does not also include, the Depository in its capacity as a bare trustee or nominee company. Where those shares are not deposited and do not need to be deposited under SICDA, it must be a person whose name appears in the ROM.

“SICDA” Securities Industry (Central Depositories) Act 1991 (Act 453).

“SICDFOR” Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996.

“Written or In Writing” In writing or in any way representing or copying words legibly so that they are permanent. It includes, anything in electronic form. It may also be partly in one form and partly in another. Where used in relation to notices of meeting, it must be in hard copy or electronic form in the way allowed by Sections 319 and 320 of CA, subject to AMLR. Where used in another context, it must be in a form allowed or not prohibited by CA or AMLR.

(a) Remuneration, voting and borrowing powers of Directors

The provision in our Constitution dealing with remuneration, voting and borrowing powers of Directors are as follows: -

Clause 175 – Directors’ fees and benefits

“175. The fees and benefits payable to the directors shall be subject to annual shareholders’ approval at the Annual General Meeting of the Company and shall (unless such resolution otherwise provides) be divisible among the directors as they may agree provided always that:

- (a) fees payable to non-executive directors shall be a fixed sum and not by a commission on or percentage of turnover or profits;
- (b) any fee paid to an alternate director shall be agreed between himself and the appointing director and shall be paid out of the remuneration of the latter; and
- (c) fees and benefits payable to directors shall not be increased except pursuant to an ordinary resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Salaries and other emoluments payable to executive directors shall from time to time be determined by the Board and need not be determined by the shareholders at a General Meeting but such salaries and emoluments shall not include a commission on or percentage of turnover.”

Clause 176 – Directors’ expenses

“176. The Board can also repay to a director all expenses incurred in relation to the following:

14. STATUTORY AND OTHER INFORMATION (cont'd)

176.1. attending and returning from shareholders' meetings, Board meetings or Board committee meetings; or

176.2. expenses incurred in any other way in connection with the Company's business."

Clause 177 and 178 – Extra fees

"177. The Board can award extra fees to a director who:

177.1. holds an executive position;

177.2. acts as chairman or deputy chairman; or

177.3. serves on a Board committee or board at the request of the Board."

"178. If by arrangement with the directors, any director shall perform or render any special duties or services outside his ordinary duties as a director in particular without limiting to the generality of the foregoing if any director being willing shall be called upon:

178.1. to perform extra services;

178.2. to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company; or

178.3. in giving special attention to the business of the Company as a member of a committee of the Board,

the Company may remunerate such director a special remuneration in addition to his directors' fees and such special remuneration may be by way of a fixed sum or otherwise as may be arranged."

Clause 179, 180 and 181 – Pensions and other benefits

"179. Subject to AMLR, the Board can decide whether to provide:

179.1. pensions;

179.2. annual payments; or

179.3. other allowances or benefits,

to any people including people who are or who were directors of the Company. The Board can decide to extend these arrangements to relations or dependants of, or persons connected to, these people. The Board can also decide to contribute to a scheme or fund or to pay premiums to a third party for these purposes."

"180. The Company can only provide pensions and other similar benefits to:

180.1. people who are or were directors; and

180.2. relations or dependants of, or persons connected to, those directors or former directors.

The receipt of a benefit of any kind given in accordance with this Clause does not prevent a person from being or becoming a director of the Company.

14. STATUTORY AND OTHER INFORMATION (cont'd)

Shareholders must approve the matters in Clauses 175 to 179 as far as the CA and AMLR require in relation to directors' fees and benefits."

"181. Shareholders must approve the matters in Clauses 175 to 179 as far as the CA and AMLR require in relation to directors' fees and benefits."

Clause 190 – Voting at Board meetings

"190. Matters for decision which arise at a Board meeting will be decided by a majority vote. If the votes are equal, the chairman of the meeting shall have a second casting vote and only such a quorum is present at the meeting. However, the chairman will not have a second casting vote where only 2 directors form the quorum or at which only 2 directors are competent to vote on the question at issue."

Clause 197, 198, 199, 200, 201 – When directors can vote on things

"197. A director cannot vote on a resolution in regard to a contract in which such director (or a person connected with the director) has, directly or indirectly, an interest. If such director does vote, such vote will not be counted."

"198. A director is counted in the quorum for a Board meeting in relation to a resolution although the director is not entitled to vote."

"199. A director is not interested in a contract where Sections 221(2) or (3) of CA say that they are not. This Clause does not affect any equitable principle or rule of law relating to directors not being treated as interested. This Clause is subject to AMLR."

"200. This Clause applies if the Board is considering proposals to appoint two (2) or more directors to hold positions in the Company or any company in which the Company has an interest. It also applies if the Board is considering fixing or varying the terms of such appointment. These proposals can be tabled separately for each of the proposed directors. If this is done, each proposed director can vote (unless the proposed director is prevented from voting under Clause 197) and be counted in the quorum for each resolution."

"201. If a question is raised at a meeting on whether a director (other than the chairman of the meeting) has any interest or whether the director can vote or be counted in the quorum, and the director does not agree to abstain from voting on the question or not be counted in the quorum, the question must be referred to the chairman of the meeting. The chairman's ruling on the director is conclusive, unless the nature or extent of the director's interests has not been fairly disclosed to the Board. If the question is raised on the chairman of the meeting, the question will be decided by a resolution of the Board. The chairman cannot vote on the question but can be counted in the quorum. The Board's resolution on the chairman is conclusive, unless the nature or extent of the chairman's interests has not been fairly disclosed to the Board."

Clause 223 – Borrowing powers

"223. To the extent that CA, AMLR and the Constitution allow, the Board can exercise all the powers of the Company to:

223.1. borrow money;

223.2. mortgage or charge all or any part of the Company's undertakings, businesses, properties and assets (present and future);

223.3. issue debentures and other securities; and

14. STATUTORY AND OTHER INFORMATION (cont'd)

223.4. give security (including (without limitation), guarantees, indemnities and mortgages and charges) either outright or as collateral security, for a debt, liability or obligation of the Company or another person.”

(b) Changes to Share Capital

The provision in our Constitution dealing with changes to our share capital are as follows: -

Clause 21 – Shares and special rights

“21. The Company can issue new shares and attach any right and restriction to them, as long as this is not restricted by special rights previously given to holders of any existing shares. Subject to this, the rights of new shares can take priority over the rights of existing shares, or existing shares can take priority over them, or the new shares and the existing shares can rank equally. These rights and restrictions can apply to sharing in the Company’s profits or assets. Other rights and restrictions can also apply, for example, those relating to the right to vote.”

Clause 28, 29, 30 and 31 – Board’s authority to allot shares and “equity securities” and to sell treasury shares

“28. The Board is authorised to allot shares, grant rights to subscribe for shares and to convert any securities into shares unless the Constitution says something different. This covers allotting shares under an agreement, option or offer.”

“29. Subject to AMLR, the Board is authorised, without a resolution of the Company, to:

29.1. allot shares or grant any rights to subscribe for shares, under an offer made to shareholders in proportion to the shareholders’ shareholdings;

29.2. allot shares or grant any rights to subscribe for shares, on a bonus issue to shareholders in proportion to the shareholders’ shareholdings;

29.3. allot shares to a promoter of the Company which the promoter has agreed to take;

29.4. allot shares or grant any rights where shares are to be issued as consideration or part consideration for the Company to acquire shares or assets. Shareholders must be notified of the intention to issue such shares at least 14 days before their issue.”

“30. A resolution of the Company must:

30.1. authorise the Board to do any of the things in Clause 28 not authorised by Clause 29 or where CA or AMLR require;

30.2. not authorise the Board to allot or issue shares or convertible securities beyond any applicable limit required by AMLR;

30.3. approve the specific allotment to a director under a Share Scheme.”

“31. Subject to any direction to the contrary that may be given by the Company in General Meeting:

14. STATUTORY AND OTHER INFORMATION (cont'd)

- 31.1. all new shares or other convertible securities proposed to be issued shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings;
- 31.2. the offer must be in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which such persons are entitled;
- 31.3. the offer must be made by a notice which specifies the number of shares or securities offered and the time within which the offer must be accepted or be treated as declined if it is not accepted;
- 31.4. if the offer is not accepted within such time or if such person declines to accept the offer, the Board may dispose of those shares or securities in such manner as it thinks most beneficial to the Company;
- 31.5. the Board may also dispose of any new share or security which the Board is of the opinion that it cannot be conveniently offered under this Clause 31 by reason of that the ratio which the new shares or securities bear to shares or securities held by persons entitled to such offer.”

Clause 37 – Power to reduce capital

- “37. The shareholders can pass a special resolution to reduce in any way the Company’s share capital in accordance with Subdivision 4 of Division 1 of Part III of CA, whether with the confirmation of the Court or a solvency statement.”

Clause 38,39 and 40 – Power to change capital

- “38. The shareholders can pass a resolution to alter the Company’s share capital in accordance with Section 84 of CA.”
- “39. If any shares are consolidated or divided, the Board may deal with any fractions of shares arising thereto. If the Board decides to sell any fractions of shares, they must sell for the best price they can reasonably obtain and distribute the net sale proceeds among shareholders in proportion to their fractional entitlements or shall be disregarded and will be dealt with by the Board in such a manner as it deems fit at its absolute discretion and in the best interest of the Company. The Board can sell to a person (including the Company, if CA and AMLR allow) and can authorise a person to transfer those shares to the buyer or in accordance with the buyer’s instructions. The buyer does not need to take any action to check how such money paid is used. The buyer’s ownership will not be affected if the sale was irregular or invalid in any way.”
- “40. The shareholders can also pass special resolutions to convert any paid-up shares into stock and reconvert any stock into paid-up shares in accordance with Section 86 of CA.”

(c) Transfer of Securities

The provision in our Constitution dealing with transfer of securities of our Company are as follows: -

Clause 50, 51, 52, 53, 54, 55, 56, 57, 57, 58, 59 – Securities transfers

- “50. Transfers of any listed security or class of listed security shall be by way of book entry by the Depository in accordance with DR. The Company shall not register and effect any transfer of the listed securities although Sections 105,

14. STATUTORY AND OTHER INFORMATION (cont'd)

106 and 110 of CA may state otherwise. This does not, however, apply to a transfer of securities to the Depository or from the Depository to Depositors under Section 148(2) of CA and any exemption that may be made from compliance with Section 148(1) of CA.”

“51. Where:

51.1. the securities of the Company are listed on another stock exchange; and

51.2. the Company is exempted from complying with Section 14 of SICDA or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under DR in respect of such securities,

the Company shall, upon request of a securities holder, allow the securities held by that holder to be transmitted from the register of holders maintained by the Registrar in the other stock exchange’s jurisdiction, to the register of holders maintained by the Registrar in Malaysia and vice versa provided that there must be no change in the ownership of such securities.”

“52. Transfers of Non-Depository Shares must be in any form which CA requires. If CA does not require a specific form, the transfer must be in the usual standard form, or another form approved by the Board. A transfer must be signed, or made effective in some other way, by or on behalf of the persons making and receiving the transfer.”

“53. The Depository may refuse to transfer any Deposited Share which does not comply with SICDA and DR. A shareholder can transfer some or all of their Non-Depository Shares unless the Constitution says otherwise.”

“54. The transfer for Non-Depository Shares must be delivered to the Registered Office or some other place which the Board decides. The transfer must have with it:

54.1. the share certificate for shares to be transferred;

54.2. any other evidence which the Board asks for to prove that the person wanting to make or receive the transfer is entitled to do this; and

54.3. if the transfer is executed by another person on behalf of the person making or receiving the transfer, evidence of the authority of that person to do so.”

“55. A transfer delivered under Clause 54:

55.1. cannot be in favour of more than four (4) joint holders; and

55.2. must be properly stamped to show payment of any applicable stamp duty.”

“56. The Board can refuse to register such a transfer delivered:

56.1. where the transfer breaches any law or regulation or licensing or requirement (of any jurisdiction) which applies to the Company or any of its subsidiaries or any entity in which any of them have an interest;

56.2. where the transfer is unlawful under Malaysian law; or

14. STATUTORY AND OTHER INFORMATION (cont'd)

56.3. the transfer relates to partly paid shares where a call has been made and is unpaid.”

“57. If the Board decides not to register a transfer of a share delivered under Clause 54, it must comply with Section 106 of CA.”

“58. If the Company registers a transfer delivered under Clause 54, it can keep the transfer. A transfer cannot be used to transfer more than 1 class of shares. Each class needs a separate transfer. No fee is payable to the Company for transferring Non-Depository Shares or registering changes relating to the ownership of any such shares.”

“59. The person making a transfer of Non-Depository Shares will continue to be treated as the shareholder until the name of the person to whom a share is being transferred to is entered into the ROM for that share.”

(d) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

As at the date of this Prospectus, we have one (1) class of shares, being the Shares, all of which rank *pari passu* with one another. There are no special rights attached to our Shares.

Clause 17 and 18 – Classes of shares

“17. Where the Company has different classes of shares, the Constitution must say prominently:

17.1. that the Company’s share capital is divided into different classes of shares;

17.2. the voting rights attached to shares in each class;

17.3. any other rights attached to those shares;

17.4. any other things which Section 90 of CA requires.

Section 89(2) of CA applies.”

“18. The Constitution must set out the rights of shareholders attached to preference shares or shares convertible into preference shares. The rights which must be set out include shareholders’ rights on:

18.1. a repayment of capital;

18.2. participation in surplus assets and profits;

18.3. cumulative or non-cumulative dividends;

18.4. voting;

18.5. priority of payment of capital and dividend when compared to other shares or classes of preference shares.

Preference shares must give their holders the right to vote:

18.6. when any dividends remain unpaid for more than 6 months;

18.7. on a proposal to reduce the Company’s share capital;

14. STATUTORY AND OTHER INFORMATION (cont'd)

- 18.8. on a proposal to dispose of all of the Company's property, business and undertaking;
- 18.9. on a proposal that affects rights attached to the share;
- 18.10. on a proposal to wind up the Company; and
- 18.11. during the winding up of the Company.

Holders of preference shares must also be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports and audited financial statements, and attending meetings. The Company may issue preference shares on terms that further preference shares may be issued which rank equally with or in priority to existing preference shares."

Clause 19 – Liability of members

- "19. The liability of each member is limited to the amount (if any) unpaid on the share held by that member."

Clause 20, 21, 22 and 23 – Shares and special rights

- "20. The parts of the Constitution about allotment, transfer or person who is automatically entitled to a share by law and all other matters which relate to shares apply to new shares in the same way as if they were existing shares."
- "21. The Company can issue new shares and attach any right and restriction to them, as long as this is not restricted by special rights previously given to holders of any existing shares. Subject to this, the rights of new shares can take priority over the rights of existing shares, or existing shares can take priority over them, or the new shares and the existing shares can rank equally. These rights and restrictions can apply to sharing in the Company's profits or assets. Other rights and restrictions can also apply, for example, those relating to the right to vote."
- "22. The shareholders can decide on the rights and restrictions to be attached to new shares by passing an ordinary resolution. The Board can also take these decisions if the shareholders have not passed a resolution which covers the point. However, where different classes of shares result, Clause 17 also applies."
- "23. The Company may allot preference shares or convert any existing shares into preference shares. However, Clause 18 then applies."

Clause 24, 25, and 26 – Changing special rights of shares

- "24. If the Company's share capital is split into different classes of share, the special rights attached to any of these classes can be varied or withdrawn if the shareholders approve this by passing a special resolution. This must then be passed at a separate meeting of the holders of that class of shares, which is called a class meeting. Alternatively, the holders of at least 75% of the existing shares of the class (by voting rights) can give their written consent."
- "25. Unless required by the Laws, the parts of the Constitution which relate to General Meeting apply to a class meeting, but with these adjustments:
- 25.1. a holder of shares who is present in person or by proxy can demand a poll;

14. STATUTORY AND OTHER INFORMATION (cont'd)

25.2. on a poll, the holders of shares will have one (1) vote for every share of the class which they hold; and

25.3. the vote will be by poll if AMLR requires this.

This is subject to any special rights or restrictions which are attached to a class of shares by the Constitution, or any rights attached to shares in some other way under the Constitution.

A special resolution of the holders of the preference capital affected is required where preference capital is to be repaid (other than redeemable preference capital or any other alteration to preference shareholders' rights). However, where the majority for the special resolution is not obtained at a meeting, written consent given by holders of at least 75% of that preference capital within two (2) months of that meeting shall be as valid and effective as a special resolution passed at a meeting."

"26. Clauses 24 and 25 also apply if:

26.1. special rights of shares forming part of a class are varied or withdrawn. Each part of the class which is being treated differently is viewed as a separate class in applying this Clause; and

26.2. the new preference shares being issued are ranked equally with the existing preference shares. However, these Clauses do not apply if the terms of issue of existing preference shares or the Constitution allows those preference shares to be issued."

Clause 27 – More about special rights of shares

"27. Unless the terms of the existing shares say otherwise, the special rights of existing shares are not regarded as varied or withdrawn if:

27.1. new shares are created or issued which rank equally with or after any existing shares in payment of dividends or sharing in profits or assets of the Company;

27.2. the Company purchases its own shares (this includes purchases of any of these existing shares);

27.3. the Company redeems redeemable preference shares (this includes redeeming any of these existing shares); or

27.4. preference shares are issued which rank equally with or in priority to existing preference shares."

Clause 69, 70, 71, 72, 73, 74 and 75 – Calls

"69. The Board may decide to make calls on a shareholder in relation to money unpaid on their shares. Any call must comply with the terms of issue of those shares. A shareholder must pay the amount of each call in the way and at the time and place the Board decides. Calls may be made payable by instalments. Section 82(3) of CA shall not apply. AMLR apply, as required."

"70. A call is treated as made when the Board resolution authorising the call is passed. The call may be revoked by the Board at any time before the date on which payment of the call is due."

"71. If any amount (or part of it) payable on a call is not paid by the due date:

14. STATUTORY AND OTHER INFORMATION (cont'd)

- 71.1. the shareholder, required to pay that amount, shall pay interest on the unpaid amount from the due date to the date of payment. The Board shall decide, from time to time, on the rate of interest, which must not exceed the cap imposed by Section 82(7) of CA. The Board may waive all or any of the interest paid or payable;
- 71.2. the shareholder shall not be entitled, in relation to a share held by that shareholder, to vote in person (including, by a representative) or by proxy at a General Meeting or any meeting of a class of shareholders or to exercise any other rights given to a shareholder of such a share, if any call or other amount payable to the Company remains unpaid. The Board may waive all or any of these restrictions.”
- “72. An instalment shall be payable without the Board making a call and a notice of call being given where the terms of an issue of shares require payment on a fixed date. The provisions of the non-payment of calls, restrictions on voting and other shareholder rights in relation to non-payment of calls and other amounts and liens or charges apply to the instalments and the shares which relate to them.”
- “73. The Board may, if it thinks fit, receive from any shareholder all or any part of the monies uncalled and unpaid upon any share held by him, and upon all or any part of the monies so advanced may (until the same would but for such advance become presently payable) pay a return at such rate and terms as may be agreed by the Board and that shareholder. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.”
- “74. A call is not invalid just because a notice of call is not received or that notice is accidentally not given.”
- “75. The joint holders of a share are jointly and severally liable to pay all calls and interest which arises from late or non-payment.”

Clause 76, 77, 78, 79 and 80 – Forfeiture

- “76. If a shareholder fails to pay any call or instalment of a call (this covers amounts payable by the terms of issue of a share as at a fixed date) by the day for payment, the Board may give a notice to the shareholder on forfeiture of the shares which relate to that call or instalment. That notice shall:
- 76.1. require that shareholder to pay the call or instalment and any interest payable and expenses of the Company which arise from the non-payment;
- 76.2. give a date by which payment is to be made; and
- 76.3. if payment is not made by that date, the shares which relate to that call or instalment are liable to be forfeited.
- The notice may be given at any time while any call, instalment or other payments referred to in this Clause 76 remain unpaid.”
- “77. If the shareholder does not comply with the notice given under Clause 76, any shares which relate to the notice may be forfeited by resolution of the Board passed at any time after the time given in the notice of payment. The forfeiture includes all dividends, interest and other money payable by the Company in relation to the forfeited shares and not actually paid before the forfeiture. They shall no longer be a shareholder in relation to those shares but remain liable to pay all money payable by them at the date of forfeiture which relates to the

14. STATUTORY AND OTHER INFORMATION (cont'd)

shares together with interest and expenses under Section 83(6) of CA. The Board may enforce the payment or waive all or any of such money paid or payable. A statutory declaration given under Section 83(7) of CA is conclusive evidence of the facts stated in the declaration against all persons claiming to be entitled to the share.”

“78. When a share is forfeited, notice of the resolution of the Board shall be given to the shareholder in whose name it stood immediately before the forfeiture. An entry of the forfeiture and date of forfeiture is to be made in the ROM if the share is a Non-Depository Share. If a Deposited Share, the requirements of the Laws must be complied with. The forfeiture is not invalidated by any failure to comply with anything in this Clause 78.”

“79. The Board may sell or dispose of the forfeited shares on such terms and in such a way as it deems fit. The proceeds of any such sale or disposal are to be applied:

79.1. firstly, to pay the expenses in relation to the forfeiture and the sale or disposal thereto;

79.2. next, to pay any unpaid calls, instalments and interest which relate to the forfeited shares;

79.3. and the remainder (if any) shall be paid to the person whose shares have been forfeited or to his executors, administrators or assignees or as he directs.

The Board may cancel the forfeiture of any share at any time before the sale or disposal of the forfeited shares.”

“80. A person who acquires a forfeited share under Clause 77 shall be entered in the ROM as a shareholder, if a Non-Depository Share or be recorded as a shareholder in accordance with the Laws, if a Deposited Share. That person’s title to that share shall not be affected by any irregularity or invalidity in the proceedings which relate to the share’s forfeiture, sale or disposal.”

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14. STATUTORY AND OTHER INFORMATION (cont'd)

14.3 GENERAL INFORMATION

- (i) Save for the Directors' remuneration and benefits as disclosed in Section 5.2.5 of this Prospectus, there are no other amount or benefit paid or given within the past two (2) years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.
- (ii) Save for the SSAs dated 9 December 2022 pursuant to the Pre-Listing Exercise as disclosed in Section 6.4 of this Prospectus, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (iii) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 15 of this Prospectus.
- (iv) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by Malaysian law or by our Constitution.

14.4 LETTERS OF CONSENT

- (i) The written consent of our Principal Adviser, Sponsor, Underwriter, Placement Agent, Corporate Financial Adviser, Company Secretaries, Solicitors, Internal Control Reviewer, Share Registrar and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of our Reporting Accountants and Auditors to the inclusion in this Prospectus of their names, Accountants' Report and letter relating to the pro forma combined statements of financial position and audit reports in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of our Independent Market Researcher to the inclusion in this Prospectus of their name and the IMR Report in the form and context in which they are contained in this Prospectus, has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

14.5 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Pulau Pinang, Malaysia during normal business hours for a period of six (6) months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the material contracts referred to in Section 6.6 of this Prospectus;
- (iii) the IMR Report as included in Section 8 of this Prospectus;
- (iv) the Accountants' Report as included in Section 12 of this Prospectus;
- (v) the Reporting Accountants' letter relating to the pro forma combined financial information as included in Section 13 of this Prospectus;

14. STATUTORY AND OTHER INFORMATION (cont'd)

- (vi) the letters of consent as referred to in Section 14.4 of this Prospectus;
- (vii) the audited financial statements of EPB Group for the Financial Years Under Review.

14.6 RESPONSIBILITY STATEMENTS

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

Malacca Securities acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

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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 OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., [•]

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., [•]

Applications for the Public Issue Shares will open and close at the dates and times stated above. In the event there is any change to the dates and times stated above, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Any late Application will not be accepted.

15.2 METHODS OF APPLICATION

15.2.1 Public Issue

Application must be made in relation to and subject to the terms of this Prospectus and our Constitution. The submission of an Application Form does not necessarily mean that the application will be successful. You agree to be bound by our Constitution.

Types of Application

Applications by eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to our success)

Applications by the Malaysian Public: -

(a) Individuals

(b) Non-Individuals

Application Method

Pink Application Form only

White Application Form or
Electronic Share Application or
Internet Share Application

White Application Form only

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

15.2.2 Private Placement

Types of Application	Application Method
Applications by: -	
(a) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
(b) Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera investors approved by MITI may still apply for our Public Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

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 the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. **Invalid, nominee or third party CDS Accounts** will not be accepted for the Applications.

Only **ONE (1)** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 PUBLIC ISSUE SHARES OR MULTIPLES OF 100 PUBLIC ISSUE 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 TEN (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 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 ISSUING HOUSE. THIS IS TO ENSURE THAT ISSUING HOUSE RECEIVES 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". COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

15.3.2 Application by the Malaysian Public

You can only apply for our Public Issue Shares if you fulfill all of the following: -

- (i) you must be one (1) of the following: -
 - (a) a Malaysian citizen who is at least eighteen (18) years old as at the date of the application for our Public Issue Shares with a Malaysian address; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) you must not be a director or employee of the Issuing House, or an immediate family member of a director or employee of the Issuing House; and
- (iii) you must submit Applications by using only one (1) of the following methods: -
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group)

The eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to our success) will be provided with Pink Application Forms and letters by us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated Issue Shares. Applicants must follow the notes and instructions in the said documents and where relevant, in this Prospectus.

The eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to our success) may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, Malacca Securities, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Applications 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 Public Issue 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.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*cont'd*)

Please 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 or contact the Issuing House for further enquiries.

Each completed Application Form, accompanied by the appropriate remittance and clear photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address: -

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

- (ii) **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 or time for closing. We will not accept any late Application.

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.

Please 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 or contact the Issuing House for further enquiries.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our Public Issue Shares by way of Electronic Share Application made available to the Malaysian Public.

Electronic Share Applications may be made through an 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 respective Participating Financial Institution.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

Please refer to the detailed procedures and terms and conditions of Electronic Share Application set out in the “**Detailed Procedures for Application and Acceptance**” accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our Public Issue Shares made available to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn. Bhd., Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Internet Share Application and the exact procedures as set out on the internet financial services website of the Internet Participating Financial Institution before making an 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 Institution.

Please refer to the detailed procedures and terms and conditions of Electronic Share Application set out in the “**Detailed Procedures for Application and Acceptance**” accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to: -

- (i) reject Applications which: -
 - do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - are illegible, incomplete or inaccurate; or
 - are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without assigning any reason therefor; and
- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest or any share of revenue or benefit arising therefrom), in accordance with Section 15.9 below.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

If you are successful in your application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within fourteen (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 shall 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, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of distributing our Public Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market in the trading of our Shares.

The basis of allocation of Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at www.mih.com.my within one (1) Market Day after the balloting date.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's enlarged issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon completion of this IPO and at the time of Listing. We expect to achieve this at the point of Listing. In the event that the above requirement is not met, we may not be allowed to proceed with the 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 benefit arising therefrom).

In the event of an under-subscription of Public Issue Shares by the Malaysian Public, subject to the underwriting arrangement and reallocation as set out in Section 4.3.3 of this Prospectus, any of the abovementioned Public Issue Shares not applied for will then be fully subscribed by our Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

Application monies in respect of the unsuccessful/partially successful applicants will be refunded without interest or any share of revenue or benefit arising therefrom in the following manner: -

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary post to your address maintained at Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot if you have not provided such bank account information to Bursa Depository at your own risk.
- (ii) If your application was rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the National Registration Identity Card or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications which are subsequently rejected. The Application monies relating to these Applications which were subsequently rejected or unsuccessful or only partly successful will be refunded (without interest or any share of revenue or benefit arising therefrom) by the Issuing House as per item (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank in all Application monies from unsuccessful Applicants. These monies will be refunded within ten (10) Market Days from the date of the final ballot by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary/registered post to your address maintained at Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest or any share of revenue or benefit arising therefrom into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting day.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications which are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than ten (10) Market Days from the balloting date. For applications that are held in reserve and are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (iv) For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Issuing House shall inform the relevant Participating Financial Institutions of the unsuccessful or partly successful Applications within two (2) Market Days after the final balloting date. The Internet Participating Financial Institutions will then credit the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into your account within two (2) Market Days after the receipt of written confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application: -

- (i) Our Public Issue Shares allotted to you will be credited into your CDS Account.
- (ii) A notice of allotment will be despatched to you at the address last maintained with the Bursa Depository, at your own risk, before the Listing. This is your only acknowledgement of acceptance of the application.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed the shares as Prescribed Securities. As such, the Public Issue Shares issued/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.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows: -

Mode of application	Parties to direct the enquiries
Application Forms	Issuing House Enquiry Services at telephone no. 603-7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of Public Issue Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my, **one (1) Market Day** after the balloting date.

You may also check the status of your Application, **five (5) Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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