

#### 4. PARTICULARS OF THE IPO

##### 4.1 OPENING AND CLOSING OF APPLICATION

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

##### 4.2 INDICATIVE TIMETABLE

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

Events	Indicative Dates
Issue of Prospectus / Opening date for the Application	[•]
Closing date of the Application	[•]
Balloting of Applications	[•]
Allotment / Transfer of IPO Shares to successful applicants	[•]
Date of Listing	[•]

This timetable is tentative and is subject to changes that may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or such further period or periods as our Directors, Promoters and Offerors together with our Sole Underwriter may mutually decide, at their absolute discretion.

Our Directors, Promoters and Offerors together with our Sole Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time of Application to any later date or dates. If there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and announce on the website of Bursa Securities accordingly. Following this, the dates for the balloting of applications for the IPO Shares, allotment of the IPO Shares and Listing would be extended accordingly.

##### 4.3 DETAILS OF OUR IPO

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

###### 4.3.1 Public Issue

The Public Issue of 110,000,000 new Shares at the IPO Price representing approximately 16.92% of the enlarged issued share capital will be made available for Application as follows:-

###### (a) Malaysian Public (via Balloting)

32,500,000 Public Issue Shares representing approximately 5.0% of our enlarged issued share capital are made available for application by the Malaysian Public, to be allocated by way of balloting, of which at least 50.0% is to be set aside strictly for Bumiputera public investors.

**4. PARTICULARS OF THE IPO (cont'd)****(b) Pink Form Allocation**

In recognition of the contributions by the Eligible Parties, we have reserved 30,000,000 Public Issue Shares (being the Pink Form Allocation) representing approximately 4.61% of our enlarged issued share capital for subscription by the Eligible Parties, as indicated below:-

<b>Category</b>	<b>No. of persons</b>	<b>Aggregate No. of Pink Form Shares</b>
Eligible Directors <sup>(1)</sup>	6	1,250,000
Eligible employees <sup>(2)</sup>	334	18,750,000
Business associates of our Group including any other persons who have contributed to our success <sup>(3)</sup>	30	10,000,000
<b>Total</b>		<b>30,000,000</b>

Notes:-

- (1) The number of Pink Form Shares to be allocated to our eligible Directors are as follows:-

<b>Eligible Directors</b>	<b>Designation</b>	<b>No. of Shares</b>
Dato' Boonler Somchit	Non-Independent Non-Executive Chairman	500,000
Ahmad Khairuddin Bin Abdul Rahim	Independent Non-Executive Director	150,000
Hanita Binti Othman	Independent Non-Executive Director	150,000
Joyce Wong Ai May	Independent Non-Executive Director	150,000
Teresa Tan Siew Kuan	Independent Non-Executive Director	150,000
Mohammad Hazani Bin Hassan	Non-Independent Non-Executive Director	150,000
<b>Total</b>		<b>1,250,000</b>

The criteria for allocation to our eligible Directors are based on amongst others their future contribution to our Group. Koh Dim Kuan and Lee Chee Hoo, who are our Promoters, Directors and Substantial Shareholders, have opted not to participate in the Pink Form Allocation.

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

- (2) The allocation to our eligible employees (as approved by our Board) is based on the following factors:-
- (i) is at least 18 years of age and is a permanent, full-time and confirmed employee under the payroll of our Group;
  - (ii) the seniority, position and their length of service in our Group; and
  - (iii) their respective contribution made to our Group and other factors deemed relevant to our Board.

The proposed allocations of Pink Form Shares to our key senior management are as follows:-

Key Senior Management	Designation	No. of Shares
Elwyn Toh Jiern Wae	Head of Software Innovation	500,000
Lai Goey Choo	Head of Product Engineering Services	1,000,000
Wong Shin Guey	Head of R&D	1,500,000
Yeap Siew Wen	Head of Finance	500,000

Liew Chee Kin, who is a Director of Sophic MSC, has opted not to participate in the Pink Form Allocation.

- (3) A total of 10,000,000 Public Issue Shares have been allocated to persons who have contributed to our success which includes our customers, suppliers and other business associates. The number of Pink Form Shares allotted to them is based on, amongst others, the nature, terms and length of their business relationship with us as well as the level of contribution and support to our Group.

**(c) Private Placement to Bumiputera investors approved by the MITI**

3,800,000 Public Issue Shares representing approximately 0.59% of our enlarged issued share capital will be made available for application by way of private placement to selected Bumiputera investors approved by MITI.

**(d) Private Placement to selected investors**

43,700,000 Public Issue Shares representing approximately 6.72% of our enlarged issued share capital will be made available for application by way of private placement to selected investors.

All the Public Issue Shares shall, upon allotment and issue, rank equally in all respects with our existing issued Shares, except that the Public Issue Shares will not be entitled to any dividends, rights, allotments or other distributions declared, made or paid prior to the date of allotment and issuance of the Public Issue Shares.

Upon completing the Public Issue, our existing issued share capital will increase from 540,000,000 Shares to 650,000,000 Shares.

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#### 4. PARTICULARS OF THE IPO

##### 4.3.2 Offer for Sale

The Offerors will undertake an offer for sale of 45,000,000 Offer Shares at the IPO Price representing approximately 6.92% of our enlarged issued share capital. The Offer Shares will be made available for application by way of private placement to selected Bumiputera investors approved by MITI. Details of the Offerors are as follows:-

Offerors	Address	Position/Relationship With Our Group for the Past 3 Years	Before the IPO		Offer for Sale		After the IPO	
			No. of Shares	(1) %	No. of Shares	(2) %	No. of Shares	(2) %
Koh Dim Kuan	1-World, 2-16-9 Tingkat Mahsuri 2 11950 Bayan Baru Penang	Promoter, substantial shareholder, Executive Director/CEO	161,009,000	29.82	3,000,000	0.46	158,009,000	24.31
Lee Chee Hoo	1, Persiaran Kota Permai 1 Taman Kota Permai 14000 Bukit Mertajam Penang	Promoter, substantial shareholder, Executive Director/CDO	262,211,000	48.56	3,000,000	0.46	259,211,000	39.88
MTDC	Level 8, Menara Yayasan Tun Razak Jalan Bukit Bintang 55100 Kuala Lumpur	Shareholder	65,960,000	12.21	33,500,000	5.15	32,460,000	4.99
Low Chee Onn	6A-35-13 I-Santorini Jalan Seri Tanjung Pinang 1 10470 Tanjung Tokong Penang	Shareholder, Business Development Manager and a former director of Sophic Automation	36,820,000	6.82	5,500,000	0.85	31,320,000	4.82
<b>Total</b>			<b>526,000,000</b>	<b>97.41</b>	<b>45,000,000</b>	<b>6.92</b>	<b>481,000,000</b>	<b>74.00</b>

Notes:-

(1) Based on our issued share capital of 540,000,000 Shares before the IPO.

(2) Based on our enlarged issued share capital of 650,000,000 Shares after the IPO.

#### 4. PARTICULARS OF THE IPO

##### 4.3.3 Share Transfer

During the prescription period (i.e. 1 day after the issuance of the Prospectus up to a period of 30 days), the Specified Shareholders will transfer their respective shareholdings amounting to 260,000,000 Shares, in aggregate, or 40.0% equity interest in 3REN, to R3 Capital in conjunction with the IPO.

Details of the Share Transfer are set out below:-

Specified Shareholders	No. of Shares Held Before the Share Transfer	(1) %	No. of Shares to be Transferred to R3 Capital		No. of Shares Held After the Share Transfer	
				(2) %		(2) %
Lee Chee Hoo	259,211,000	48.00	130,000,000	20.00	129,211,000	19.88
Koh Dim Kuan	158,009,000	29.26	130,000,000	20.00	28,009,000	4.31

Notes:-

- (1) Based on the issued share capital of 540,000,000 Shares before the IPO.  
(2) Based on the enlarged issued share capital of 650,000,000 Shares after the IPO.

The Share Transfer is based on the mutual agreement between the shareholders of R3 Capital and does not involve any issuance of new Shares. Upon Listing, R3 Capital will hold in aggregate 40.0% of the enlarged issued share capital of 3REN.

Please refer to Section 5.1.3 of this Prospectus for further details on R3 Capital.

##### 4.3.4 Allocation of the IPO Shares and Underwriting Arrangement

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

	Public Issue		Offer for Sale		Total	
	No. of Shares	* %	No. of Shares	* %	No. of Shares	* %
Malaysian Public (via balloting)						
- Bumiputera	16,250,000	2.50	-	-	16,250,000	2.50
- Non-Bumiputera	16,250,000	2.50	-	-	16,250,000	2.50
Eligible Parties	30,000,000	4.61	-	-	30,000,000	4.61
Selected investors	43,700,000	6.72	-	-	43,700,000	6.72
Bumiputera investors approved by MITI	3,800,000	0.59	45,000,000	6.92	48,800,000	7.51
<b>Total</b>	<b>110,000,000</b>	<b>16.92</b>	<b>45,000,000</b>	<b>6.92</b>	<b>155,000,000</b>	<b>23.84</b>

Note:-

- \* Based on our enlarged issued share capital of 650,000,000 Shares after the IPO.

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

The 32,500,000 Public Issue Shares made available to the Malaysian Public [have been] fully underwritten by the Sole Underwriter. In the event of an over-subscription, acceptance of Applications received from the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Board whilst in the event the Public Issue Shares are not subscribed for in full, those Shares will be made available for application by way of private placement to selected investors by the Sole Placement Agent. Any remaining unsubscribed Public Issue Shares thereafter will be subscribed by the Sole Underwriter, subject to the terms and conditions of the Underwriting Agreement.

The 30,000,000 Pink Form Shares made available to the Eligible Parties [have been] fully underwritten by the Sole Underwriter. Any Pink Form Shares which are not taken up will be made available firstly, for subscription by other Eligible Parties (excluding eligible Directors), secondly, to the selected investors by way of private placement, thirdly, to the Malaysian Public to be allocated via balloting and finally, by the Sole Underwriter pursuant to the terms of the Underwriting Agreement.

The 43,700,000 Public Issue Shares made available for application by way of private placement to selected investors by the Sole Placement Agent are not underwritten. Irrevocable undertakings [have been] obtained from the selected investors to subscribe for the Public Issue Shares by way of private placement. Any unsubscribed Shares under this allocation will be made available firstly, for subscription by other Eligible Parties (excluding eligible Directors) and secondly, to the Malaysian Public to be allocated via balloting process.

The 48,800,000 IPO Shares made available for application by Bumiputera investors approved by the MITI by way of private placement are not underwritten. Irrevocable undertakings [have been] obtained from the selected Bumiputera investors. Any IPO Shares under this allocation not subscribed or accepted by Bumiputera investors approved by the MITI shall firstly be offered to other institutional investors (which are part of the selected investors under Section 4.3.1(d) of this Prospectus) via private placement and secondly, to the Bumiputera general public via the balloting process. Thereafter, any remaining unsubscribed IPO Shares will be made available to other public investors via balloting process and/or offered to other selected investors via private placement, the proportion of which will be at the discretion of the Sole Placement Agent and our Board.

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

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

Under the Listing Requirements, we are required to have a minimum of 25.0% of our Shares held by at least 200 public shareholders, each holding not less than 100 Shares at the point of our Listing. If the above requirement is not met, we may not be able to proceed with our Listing. Please refer to Section 9.3.3 of this Prospectus for details in the event our Listing is delayed or aborted.

As at the LPD, to the extent known to our Company, none of our Directors, substantial shareholders or key senior management has indicated to us that they intend to subscribe for the IPO Shares beyond their respective entitlements under the Pink Form Allocation, and there is no person who has indicated to us that they intend to subscribe for more than 5.0% of the IPO Shares.

**4. PARTICULARS OF THE IPO (cont'd)****4.4 LTIP**

In conjunction with our Listing, we [have established] an LTIP of up to 15% of our issued share capital (excluding treasury shares, if any), which entails the granting of the LTIP awards to the Eligible Person.

The LTIP is intended to provide our Company with the flexibility to determine the most appropriate instrument or combination of instruments (i.e. share grant plan (“SGP”) and share option plan (“SOP”)) to reward and retain Eligible Persons whose services are vital to the continued growth and performance of our Group. It is also intended to provide incentives to the Eligible Persons for their commitment, dedication and loyalty towards attainment of higher performance.

The terms defined in the By-Laws in Annexure A of this Prospectus shall have the same meanings when used below unless otherwise stated or the context otherwise required. The salient features of the LTIP are as follows:-

**(a) Maximum number of new Shares available under the LTIP**

The maximum number of Shares which may be made available under the LTIP shall not in aggregate exceed 15% of the total number of our issued share capital (excluding treasury shares, if any) at any point of time during the LTIP.

In conjunction with the Listing, our Group intends to offer up to 16,250,000 SOP awards under the First Tranche of SOP Awards to the Eligible Persons, representing 2.50% of our enlarged issued share capital upon Listing. The exercise price for the First Tranche of SOP Awards shall be the IPO Price.

The following is the proposed specific allocation of the SOP to our eligible Directors and key senior management under the First Tranche of SOP Award:-

<b>Name</b>	<b>Designation</b>	<b>No. of SOP Award Allocation</b>
<b>Directors</b>		
Dato' Boonler Somchit	Non-Independent Non-Executive Chairman	50,000
Ahmad Khairuddin Bin Abdul Rahim	Independent Non-Executive Director	20,000
Hanita Binti Othman	Independent Non-Executive Director	20,000
Joyce Wong Ai May	Independent Non-Executive Director	20,000
Teresa Tan Siew Kuan	Independent Non-Executive Director	20,000
Mohammad Hazani Bin Hassan	Non-Independent Non-Executive Director	20,000
<b>Key Senior Management</b>		
Liew Chee Kin	Director of Sophic MSC	650,000
Elwyn Toh Jiern Wae	Head of Software Innovation	500,000
Lai Goey Choo	Head of Product Engineering Services	1,000,000
Wong Shin Guey	Head of R&D	1,500,000
Yeap Siew Wen	Head of Finance	500,000
<b>Total</b>		<b>4,300,000</b>

As we do not intend to grant any SGP awards within a year from our Listing, we will not identify the eligible directors (excluding independent directors) and eligible executives of our Group to be granted the SGP awards.

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

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**(b) Basis of allocation and maximum allowable allotment**

Subject to the maximum number of LTIP awards and any adjustments which may be made under the By-Laws, the aggregate maximum number of LTIP awards that may be allocated to any one category/designation of Eligible Person shall be determined entirely at the discretion of the LTIP committee.

No allocation of more than 10% of the total number of LTIP awards shall be made to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued Shares (excluding treasury shares).

Not more than 50% of the LTIP awards shall be allocated in aggregate to the Directors and senior management of the companies in our Group.

**(c) Retention Period**

The Shares arising upon vesting of SGP awards and/or exercising of the right of SOP participants to subscribe for the Shares at the Option Price ("**SOP Options**") will not be subjected to any retention period or transfer restriction unless otherwise stated in the LTIP award(s) as determined by the LTIP committee from time to time. However, an eligible Director who is our Non-Executive Director shall not sell, transfer or assign the Shares obtained through the exercise of the SOP Options granted to them within 1 year from the SOP award date.

**(d) Duration of the LTIP**

The LTIP shall be in force for a period of 5 years from the effective date (following full compliance with all relevant requirements of the Listing Requirements) and our Board may, if the Board deems fit and upon the recommendation of the LTIP committee, extend the duration of the LTIP and such extension shall not in aggregate exceed 10 years from its effective date or such longer period as may be permitted by Bursa Securities or any other relevant authorities.

The LTIP may be terminated by the LTIP committee at any time before the date of expiry of the LTIP provided that an announcement is released to Bursa Securities on the effective date of termination, the number of Shares vested pursuant to the SGP and/or number of SOP Options exercised pursuant to the SOP and the reasons and justifications for the termination.

**(e) Eligibility**

Only Eligible Person who fulfil the following conditions as at the date of the LTIP award date shall be eligible to participate in the LTIP:-

- (i) In respect of an Employee:-
  - (aa) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (bb) is employed by our Group on a full-time basis or serving in a specific designation under an employment contract for a fixed duration (or any other contract as may be determined by the LTIP committee) and is on the payroll of any company within our Group and has not served a notice of resignation or received notice of termination;



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

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- (cc) must have been in the employment of our Group for at least 6 months prior to the LTIP award date;
  - (dd) is confirmed in writing as our full-time employee prior to and up to the LTIP award date; and
  - (ee) fulfils any other criteria and/or falls within such category as may be determined by the LTIP committee from time to time.
- (ii) In respect of an executive Director:-
  - (aa) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (bb) is appointed as an executive Director of our Company or any company within our Group for such periods as may be determined by the LTIP committee prior to and up to the LTIP award date; and
  - (cc) fulfils any other criteria and/or falls within such category as may be determined by the LTIP committee from time to time.
- (iii) In respect of a non-executive Director:-
  - (aa) is at 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (bb) is appointed as a non-executive Director of the Company or any company within our Group for such periods as may be determined by the LTIP committee prior to and up to the SOP award date; and
  - (cc) fulfils any other criteria and/or falls within such category as may be determined by the LTIP committee from time to time.
- (iv) LTIP awards to be awarded to any Eligible Person who is a Director, major shareholder or chief executive of the Company or persons connected with such Director, major shareholder or chief executive (as defined in the Listing Requirements) must be approved by our shareholders in a general meeting to be convened unless such approval is no longer required under the Constitution, the Listing Requirements and any other prevailing guidelines issued by the authorities.
- (v) An Eligible Person who holds more than 1 position within our Group shall only be entitled to the maximum allowable allotment of any one of those categories/designation of employment
- (vi) An Employee or Director of a dormant company within our Group is not eligible to participate in the LTIP.

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**4. PARTICULARS OF THE IPO** *(cont'd)***(f) Option price**

The price at which an SOP participant will be entitled to subscribe for our Shares by exercising the SOP Option shall be:-

- (i) in respect of the First Tranche of SOP Award, the IPO Price; and
- (ii) in respect of any offer which is made subsequent to our Listing, as determined by the LTIP committee based on the 5-day volume weighted average market price of our Shares immediately preceding the SOP award date with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the LTIP.

Under the SGP, the reference price of the SGP awards to be awarded will be determined based on the fair value of the SGP awards, which will take into account, amongst others, the market price of the Shares as at or prior to the award date of the SGP awards.

Further details of the LTIP are set out in Annexure A of this Prospectus.

Save for the potential impact of the MRFS 2, the grant of the SOP awards will not have an immediate effect on the consolidated NA and NA per Share until such time when Shares are granted and vested or issued arising from the exercise of the SOP Options. Any potential effect on the NA and NA per Share of our Group in the future would depend on various factors, which may include the vesting condition of the SOP awards, number of Shares expected to be issued under the SOP awards, volatility of the market price of our Shares, market price of the Shares as at grant date, which can only be determined at the grant date, and the Option Price.

The EPS of our Group may be diluted, depending on the number of Shares issued/or transferred to the LTIP participants pursuant to the vesting of the SOP awards. In accordance with MFRS 2, the potential cost arising from the awarding of the SOP awards is required to be measured at fair value as at the LTIP award date and recognised as an expense in the consolidated statements of comprehensive income of our Company over the vesting period of such SOP awards and may therefore reduce the future earnings of our Group, the quantum of which can only be determined at the LTIP award date.

The potential effects of the LTIP on the earnings and EPS of our Group in the future cannot be determined at this juncture as it would depend on various factors as mentioned above. It should be noted that such potential cost of awarding the LTIP awards does not represent a cash outflow but only an accounting treatment.

**4.5 BASIS OF ARRIVING AT THE IPO PRICE**

Our IPO Price was determined and agreed upon by our Board, the Offerors and our Principal Adviser cum Sole Underwriter after taking into consideration the following factors:-

- (a) our proforma NA per Share of RM[●] as at 30 September 2023 based on our enlarged issued share capital of 650,000,000 Shares after our IPO and subsequent to the utilisation of proceeds from our Public Issue;
- (b) our Group's EPS of approximately 1.85 sen computed based on our PAT attributable to owners of the Company for the FYE 2022 of approximately RM12.04 million and our enlarged share capital of 650,000,000 Shares upon Listing, which translate into a net PE Multiple of approximately [●] times based on the IPO Price;

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

- (c) our competitive strengths as set out in Section 7.5 of this Prospectus;
- (d) our future plans and strategies as set out in Section 7.19 of this Prospectus; and
- (e) the industry overview and prospects based on the IMR Report as set out in Section 8 of this Prospectus.

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

**4.6 SHARE CAPITAL, CLASSES AND RANKING OF OUR SHARES****4.6.1 Share Capital**

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

	<b>No. of Shares</b>	<b>RM</b>
Existing issued share capital	540,000,000	54,000,002
New Shares to be issued pursuant to the Public Issue	110,000,000	[●]
Less: Estimated listing expenses directly attributable to the Public Issue	*	(1) [●]
<b>Enlarged issued share capital upon Listing <sup>(2)</sup></b>	<b>650,000,000</b>	<b>[●]</b>

Notes:-

- (1) Computed after taking into account the Public Issue and estimated listing expenses of RM[●] million, of which RM[●] million will be debited against our share capital and the remaining expenses of RM[●] million has been/will be expensed off to the statement of comprehensive income.
- (2) The Offer for Sale will not have any effect on our enlarged issued share capital upon Listing.

**4.6.2 Classes and Ranking of Our Shares**

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

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

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

At any general meeting of our Company, each shareholder shall be entitled to vote in person, or by proxy, or by attorney or by his/its representative under the instrument of proxy or certificate of appointment of corporate representative or power of attorney ("**Representative**"). On a vote by show of hands, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote. On a vote by way of poll, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote for each Share held. A proxy may but need not be a shareholder of our Company and there shall be no restriction as to the qualification of the proxy save that the proxy must be of full age.

**4.7 DILUTION**

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

	<b>RM</b>	<b>Details</b>
IPO Price	[●]	(A)
Audited consolidated NA per Share as at 30 September 2023 before our IPO	[●]	(B)
Proforma consolidated NA per Share as at 30 September 2023 after our IPO and the utilisation of Public Issue proceeds	[●]	(C)
Increase in proforma consolidated NA per Share attributable to existing shareholders	[●]	(C-B)
Dilution to the new investors	[●]	(A-C)
Dilution to the new investors as a percentage of the IPO Price	[●]%	(A-C) / (A)

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

Save as disclosed below, there is no substantial disparity between the IPO Price and the effective average cost per Share paid by our Promoters, substantial shareholders, Directors, key senior management and/or any persons connected with them since our incorporation up to the LPD:-

	(1) No. of Shares Held Before the IPO	Total Consideration Paid (RM)	Effective Average Cost Per Share (RM)
<b><u>Promoters, substantial shareholders and Directors</u></b>			
Koh Dim Kuan	161,009,000	16,100,900	0.10
Lee Chee Hoo	(2) 262,211,000	(2) 26,221,102	0.10
<b><u>Director and key senior management</u></b>			
Liew Chee Kin	14,000,000	1,400,000	0.10

Notes:-

- (1) Including Shares allotted pursuant to the Acquisitions.  
(2) Including 2 subscribers' shares transferred to Lee Chee Hoo upon completion of the Acquisitions.

Save as disclosed above, the Pink Form Allocations and the First Tranche of SOP Award, there has been no other acquisition or subscription of any of our Shares by our Promoters, substantial shareholders, Directors, key senior management or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares since our incorporation up to the date of this Prospectus.

**4.8 UTILISATION OF IPO PROCEEDS**

Based on the IPO Price, we expect to raise gross proceeds of RM[•] million from the Public Issue and each principal intended use of the proceeds is set out below:-

Description	Amount (RM'000)	% of gross proceeds	Timeframe for Utilisation Upon Listing
(a) Setting up new Delivery Centres	[•]	[•]	Within 36 months
(b) R&D expenditure	[•]	[•]	Within 24 months
(c) Establishment of new Singapore office	[•]	[•]	Within 36 months
(d) Repayment of bank borrowings	[•]	[•]	Within 6 months
(e) Working capital requirements	[•]	[•]	Within 24 months
(f) Estimated listing expenses	[•]	[•]	Immediate
<b>Total cash proceeds</b>	<b>[•]</b>	<b>100.00</b>	

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

The proceeds from the Public Issue above (save for the estimated listing expenses) will be placed in short-term deposits with licensed financial institutions pending utilisation.

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

**(a) Setting up New Delivery Centres**

As part of our future business strategies, we intend to set up our own dedicated Delivery Centres to specifically undertake certain product engineering services projects which are usually performed at various premises/locations of our customers.

The advantages of having our own Delivery Centre include enhanced efficiency, cost optimisation, enhanced business continuity, flexibility and scalability, and knowledge retention and skill development.

The Delivery Centre is aimed at fulfilling customers' requirements in terms of physical and network securities. Such dedicated centre, which includes facilities comprising dedicated design space with security and access controls and a server room with independent network infrastructure, would enable utilisation of customers' proprietary tools, hardware and software in a secured environment as well as remote log-in features. These capabilities would allow the Delivery Centre to provide lab space and more sophisticated engineering services.

We plan to set up 2 Delivery Centres – The first one is specifically designated for Intel group of companies, being our primary customer for the product engineering services segment, whilst the second one is intended for prospective customers.

Insofar as timing is concerned, the first Delivery Centre is expected to be set up and commence operations by second half of 2024 with the second Delivery Centre by the end of 2025.

We have identified a suitable premise to rent for our first Delivery Centre, which is located at Bayan Lepas, Penang, with a built-up area of 1,960 sq. ft.. Currently, we are in the midst of negotiating the terms of the tenancy. The setting up cost for the first Delivery Centre is approximately RM[●] million (based on a combination of quotations obtained from suppliers/contractors as well as management's estimate), which include renovation cost, fittings, workstations and equipment, and IT infrastructure, all of which will be financed via our internal funds.

The second Delivery Centre is also expected to be situated in Penang although we have yet to identify the specific location as at the LPD.

We plan to utilise approximately RM[●] million of the Public Issue proceeds for purpose of setting up of our Delivery Centres, which would include the following expenditure expected to be incurred over a period of 36 months:-

Details	RM'000
Hiring of new staff for Product Engineering Services team <sup>(1)</sup>	[●]
Rental expenses <sup>(2)</sup>	[●]
Renovation, fittings, office equipment and IT infrastructure <sup>(3)</sup>	[●]
General utility and operating expenses	[●]
<b>Total</b>	<b>[●]</b>

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

Notes:-

- (1) We plan to hire a minimum of 40 new permanent employees for our Product Engineering Services team (comprising mostly fresh graduates and/or junior engineers, i.e. with 1 to 2 years of experience), the details of which are as follows:-

<b>Details</b>	<b>No. of New Staff to be Hired</b>	<b>(i) Estimated Total Cost (RM'000)</b>
Software Engineer	13	(ii) [●]
Validation Engineer	13	(ii) [●]
Validation Technician	14	(iii) [●]
<b>Total</b>	<b>40</b>	<b>[●]</b>

Notes:-

- (i) The estimated cost, which comprises basic salary and statutory contributions (excluding bonus) over a period of 36 months, is computed based on management's estimated average annual salary and number of staff to be employed based on respective level/position. The actual salary will be dependent on, amongst others, the qualification, years of experience and job scope.
- (ii) Estimated cost computed based on an average annual remuneration cost which ranges between RM[●] and RM[●].
- (iii) Estimated cost computed based on an average annual remuneration cost which ranges between RM[●] and RM[●].

The actual number of new employees to be employed by our Group as well as timing of recruitment will be dependent on the availability of such personnel. Typically, we expect to take 3 to 6 months to recruit a new hire from the date of job posting until the date of joining. The talents that we look to hire, apart from the requisite working experiences, would possess degrees in, amongst others, computer science, data science, software engineering, electronic and electrical engineering, and mechatronics engineering.

The expansion of workforce is crucial to allow us to compete and secure for more orders particularly from Intel group of companies as well as to be in a stronger position to gain new prospective customers. This also provides more flexibility in managing resources and delivering our services on a timely basis. Due to the nature of our business which requires minimal upfront capital investment, the resources can be easily transferred between different projects. To ensure our future profitability and sustainability, we require the availability of workforce capability and capacity. This is an important factor that Intel group companies or potential customers typically consider before they award us orders/projects or engage us as a service provider. We train our staff, especially the junior members, to be able to perform multiple technical functions such as handling hardware procedures and software development tools. This enables us to have flexibility in managing and optimising our workforce resources.

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

From FYE 2020 to FYE 2022, our product engineering services segment has registered revenue growth at a CAGR of 23.75% from RM17.40 million to RM26.65 million. For the FPE 2023, we recorded revenue of RM21.58 million contributed from the same segment (FPE 2022: RM19.42 million). In tandem with the foregoing, we have increased our headcounts in the team from a total of 388 personnel (including 357 contract-based employees) as of the end of FYE 2020 to a total of 701 personnel (including 511 contract-based employees) as of the end of FPE 2023.

As at the LPD, we have a total of 533 personnel (including 350 contract-based personnel), under our Product Engineering Services team.

- (2) Based on the proposed negotiated rental for the first Delivery Centre.
- (3) Renovation cost, fittings, workstations and equipment, and IT infrastructure (both hardware and software) only for the second Delivery Centre which are estimated at RM[●] million (based on similar estimates for the first Delivery Centre).

We believe that the setting up of our new dedicated Delivery Centres and particularly the expansion of our workforce will allow our Group to meet the demands of our existing and potential customers. This in turn will continue to enhance our Group's earnings and facilitate our future plans and strategies.

Please refer to Section 7.19.2 of this Prospectus for further details on our Delivery Centres.

Any excess proceeds allocated for our setting up of new Delivery Centres will be used for working capital purposes. Conversely, any shortfall thereof will be funded from our Group's internally generated funds.

**(b) R&D expenditure**

As part of our continuing R&D efforts, we strive for innovation and keep abreast with technology evolution and market needs. As such, we intend to utilise approximately RM[●] million of the Public Issue proceeds for our continuing R&D initiatives which would include setting up of a dedicated innovation centre, hiring of additional R&D personnel as well as purchase of related IT software and hardware as well as R&D supporting tools and equipment in line with our R&D plans and strategies as set out in Section 7.19.1 of this Prospectus.

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

The breakdown of the estimated proceeds proposed to be utilised for our R&D expenditures for the next 24 months after our Listing are as follows:-

Details	RM'000	RM'000
(i) Employing additional R&D personnel <sup>(1)</sup>		[●]
(ii) Purchase of IT hardware and software		[●]
- Upgrading of IT infrastructure <sup>(2)</sup>	^[●]	
- Cloud infrastructure and subscription costs <sup>(3)</sup>	*[●]	
- Development software and design software system <sup>(4)</sup>	^[●]	
- Software licensing	*[●]	
- Computer related devices	#[●]	
- Registration of intellectual property rights	#[●]	
(iii) Purchase of R&D supporting tools and equipment <sup>(5)</sup>		[●]
- Material transport system	^[●]	
- Universal test and handler automation platform	^[●]	
- Development hardware and system controllers	^[●]	
(iv) Others (including renovation, workstations, fittings and office equipment)		#[●]
<b>Total</b>		[●]

Notes:-

^ Based on quotations from supplier.

\* Based on management's estimate for the subscription pricing which is sourced from official web stores.

# Based on management's estimate.

(1) As at the LPD, we have a total of 17 personnel (including the Head of R&D) under our R&D department, all of whom are Malaysian. We intend to hire an additional 9 staff as part of our initiatives to empower our R&D team in supporting the ongoing efforts to develop new/enhanced products and solutions, and they include:-

- Software engineer
- Data scientist/engineer
- Cloud engineer
- AI engineer
- Mechanical engineer
- Developer and programmer

The estimated cost is computed based on an average annual remuneration cost which ranges between RM[●] and RM[●], for a period of 24 months. Such cost, which comprises basic salary and statutory contributions (excluding bonus), is based on management's estimate. The actual salary will be dependent on, amongst others, the qualification, years of experience and job responsibilities.

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

The actual number of new employees to be employed by our Group as well as timing of recruitment will be dependent on the availability of such personnel. Typically, we expect to take 3 to 6 months to recruit a new hire from the date of job posting until the date of joining. The talents that we look to hire, apart from the requisite working experiences, would possess degrees in, amongst others, computer science, data science, software engineering, mechanical engineering, and electronic and electrical engineering.

- (2) Upgrading of IT infrastructure - We plan to upgrade our existing infrastructure to enhance our testing capability and storage capacity. The new infrastructure would include purchase of high performance server, enhanced operating system, power supply, storage solution and computing device which is expected to further boost networking, machine learning and cybersecurity systems of our R&D department. Besides, the new infrastructure is also aimed at enabling improved scalability of multiple application hosting for customer data.
- (3) Cloud infrastructure and subscription costs - We intend to upgrade our cloud infrastructure for data storage, cloud computing and hosting to enable and support scalability of both our existing and new digitalised solutions (including our new Nervii platform as disclosed in Section 7.19.1 of this Prospectus) through a subscription-based cloud computing platform.
- (4) Development software is used for functional testing in software development and programming whilst the Solidworks design software system is a 3D design and validation platform.
- (5) Included in the purchase of R&D supporting tools and equipment are the following:-
  - Material transport system (tracked guided mobile robot) including robotic handler system, brake system module, sensors, aluminium track and route, and battery system. This is intended for the development of prototypes and product demos, in particular, for our soon-to-be-developed automated equipment, namely, material transport system as stated in Section 7.19.1 of this Prospectus. Such prototypes are basically early sample or model built to test a concept or process from which we will develop operational product demos which will serve as a marketing and demonstration tool to both our existing and prospective customers.
  - Universal test and handler automation platform (mechanical handler module). The purchase of this platform is intended for the development of prototypes and product demos, in particular, for our soon-to-be-developed automated equipment, namely, automated test and handler equipment as stated in Section 7.19.1 of this Prospectus. Such prototypes are basically early sample or model built to test a concept or process from which we will develop operational product demos which will serve as a marketing and demonstration tool to both our existing and prospective customers.
  - Development hardware and system controllers which are essentially development tool to support the development of test programs, automation scripts and evaluation boards.

Please refer to Section 7.19.1 of the Prospectus for more information relating to our Group's future initiatives on R&D activities.

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

Any excess proceeds allocated for our R&D expenditure will be used for working capital purposes. Conversely, any shortfall thereof will be funded from our Group's internally generated funds.

**(c) Establishment of new Singapore office**

Currently, we operate mostly from our principal places of business located in Penang and Selangor.

We intend to set-up a marketing and sales office in Singapore by the first half of 2025 to increase our market presence and enhance our sales and marketing initiatives.

We are currently exploring potential locations within the Central Business District. The estimated floor space for our Singapore office is about 600 sq ft. As at the LPD, we have yet to identify the exact office location for our Singapore office.

There are several multinational companies involved in semiconductor and manufacturing sectors that have their offices and plants located in Singapore including some of our existing customers. Our new Singapore office would provide us direct access/sales support to our existing customers as well as close proximity to prospective customers. By leveraging on our new Singapore office as a base, we will be able to expand our reach to other international countries in the future, which could grow our sales from a larger pool of multinational companies, as this would enhance our corporate profiling. The setting up of our Singapore office will initially involve hiring a small team of technician/marketing personnel to be based in Singapore on a fulltime basis.

We intend to allocate RM[●] million from the Public Issue proceeds to finance the establishment costs and working capital of our new Singapore office which would include initial company set-up costs and professional fees, rental expenses, office renovation, office equipment and IT infrastructure (hardware and software), staff costs for 1 business development personnel and 2 software technicians, and utility expenses for a period of 36 months. The breakdown of these estimated costs is as follows:-

Details	RM'000
Staff related costs	[●]
Rental expenses	[●]
Renovation, office equipment and IT infrastructure	[●]
Initial set-up cost and professional fees	[●]
General utility and overhead expenses	[●]
<b>Total</b>	<b>[●]</b>

Please refer to Section 7.19.3 of this Prospectus for details pertaining to the establishment of our new Singapore office.

Any excess proceeds allocated for our establishment of new Singapore office will be used for working capital purposes. Conversely, any shortfall thereof will be funded from our Group's internally generated funds.

**4. PARTICULARS OF THE IPO** (cont'd)**(d) Repayment of bank borrowings**

As at the LPD, our total bank borrowings stood at approximately RM11.60 million which comprised term loan facilities of RM10.89 million and hire purchase facilities of RM0.71 million. We intend to allocate RM[●] million from the Public Issue proceeds to partially reduce some of our outstanding bank borrowings, the details of which are as set out below:-

Financial Institution	Facility Type	Purpose	Interest Rate Per Annum	Maturity Date	Outstanding amount as at the LPD (RM'000)	Proposed Repayment (RM'000)
RHB Islamic Bank Berhad	Islamic Term Financing	To part finance the renovation cost of Tangkas 9 Plant	4.40% (BFR-2.30%)	July 2043	789	[●]
Maybank Islamic Berhad	Islamic Term Financing	To part finance the purchase of Bukit Minyak Plant	4.45% (BFR-2.20%)	December 2035	1,344	[●]
RHB Islamic Bank Berhad	Islamic Term Financing	To part finance the purchase of Tangkas 9 Plant	4.40% (BFR-2.30%)	February 2042	4,197	[●]
RHB Islamic Bank Berhad	Islamic Term Financing	To part finance the purchase of Tangkas 3 Plant	4.30% (BFR-2.40%)	May 2042	3,180	[●]
Maybank Islamic Berhad	Islamic Term Financing	To part finance the purchase of Stellar Suites Office	4.35% (BFR-2.30%)	March 2042	999	[●]
	<b>Total</b>				<b>10,509</b>	<b>[●]</b>

The partial repayment of the above-mentioned borrowings is expected to have a positive financial impact on our Group with annual interest savings of approximately RM[●] million based on the existing prevailing interest rate for each of the banking facility disclosed above.

Based on our enlarged issued share capital of 650,000,000 Shares after the IPO, the proposed partial repayment of bank borrowings is expected to reduce our overall gearing level from 0.22 to [●] times based on the proforma combined statement of financial position as at 30 September 2023.

The final redemption sum will be determined based on the date of repayment and the actual interest savings may vary depending on the then applicable interest rate. The said partial repayment is not subject to any early settlement fee. In the event the proceeds for actual repayment of bank borrowings are lower than estimated, the excess will be used for our general working capital requirement.

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**4. PARTICULARS OF THE IPO** (cont'd)**(e) Working capital requirements**

Our requirement for working capital is expected to increase in line with our expected expansion and business growth. Therefore, our Group proposes to allocate approximately RM[●] million for our working capital requirements for the following:-

Details	RM'000
Payroll related costs <sup>(1)</sup>	[●]
Sales/Marketing related cost including exhibition, conference, travelling and accommodation <sup>(2)</sup>	[●]
Training and development costs <sup>(3)</sup>	[●]
Other general and administration expenses	[●]
<b>Total</b>	<b>[●]</b>

Notes:-

- (1) Payroll related costs including existing staff workforce as well as new hiring of personnel (excluding the new employees to be hired for the Product Engineering Services and R&D teams). Labour costs are our main direct cost and such costs are expected to increase due to salary increments and performance bonuses in order to attract and retain talents. We also intend to hire new headcounts from various disciplines for all our core business teams, which would allow us to position ourselves to undertake more projects/contracts from existing and prospective customers and support our Group's revenue growth.
- (2) We intend to participate in more exhibitions and conference, both in Malaysia and overseas, to further boost our reputation and market presence. Such initiative is expected to create awareness of our Group and our products/solutions as well as to create more opportunities to gain acceptance and orders from prospective customers. The proceeds earmarked for this purpose shall be utilised to cover the travelling and accommodation expenses for our personnel, exhibition/conference fees, booth set-up costs and freight/logistics related costs.
- (3) Cost of continuous training and development for both our existing and new personnel across all divisions. Such training and development is vital for our workforce in order to keep abreast with the latest developments and evolutions in technology and industry demands (such as AI, machine learning and cybersecurity).

We have been funding our working capital and operational costs via our internally generated funds. Therefore, the availability of additional working capital is expected to enhance our Group's liquidity and cash flow position to support the expected growth in our daily operations.

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**4. PARTICULARS OF THE IPO** *(cont'd)***(f) Estimated listing expenses**

The breakdown estimated listing expenses to be borne by our Group are as follows:-

Details	RM'000
Advisory and professional fees <sup>(1)</sup>	[●]
Underwriting commission, brokerage fees and placement fees	[●]
Fees payable to authorities	[●]
Other miscellaneous expenses and contingencies <sup>(2)</sup>	[●]
<b>Total estimated listing expenses</b>	<b>[●]</b>

Notes:-

- (1) Includes fees for our Principal Adviser, Reporting Accountants, Solicitors, IMR, Share Registrar and other professional advisers as well as our Issuing House.
- (2) Includes any other incidental charges or related expenses in relation to our IPO such as fees paid to translator, investor relation consultants, printing expenses, media related expenses, IPO event expenses and sales and service tax.

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

The Offer for Sale is expected to raise gross proceeds of approximately RM[●] million, which will accrue entirely to the Offerors and we will not receive any of the proceeds. The Offerors shall bear their own expenses including, but not limited to, the placement fee in relation to the Offer for Sale.

**4.9 UNDERWRITING COMMISSION, BROKERAGE FEE AND PLACEMENT FEE****4.9.1 Underwriting Commission**

Our Sole Underwriter will underwrite 62,500,000 Public Issue Shares made available for application by the Malaysian Public and the Eligible Parties under the Pink Form Allocation. We are obligated to pay the Sole Underwriter an underwriting commission at the rate of [●]% of the total value of the Public Issue Shares underwritten based on the IPO Price.

**4.9.2 Brokerage Fee**

Brokerage fee is payable in respect of the 32,500,000 Public Issue Shares made available for Application by the Malaysian Public at the rate of 1.0% of the IPO Price in respect of successful Applications which bear the stamp of participating organisations of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or the Issuing House.

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

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**4.9.3 Placement Fees**

Our Sole Placement Agent has placed out a total of 92,500,000 IPO Shares to selected investors by way of private placement.

We will pay the Sole Placement Agent a placement fee of up to [●]% of the total value of the Public Issue Shares placed out via the private placement.

The Offerors will pay the Sole Placement Agent a placement fee of up to [●]% of the total value of the Offer Shares placed out via the private placement.

**4.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

We have entered into the Underwriting Agreement with our Sole Underwriter to underwrite 62,500,000 Public Issue Shares.

The following terms are reproduced from the Underwriting Agreement including terms which allow our Sole Underwriter to withdraw from the underwriting obligation after the opening of our IPO. The capitalised terms and numbering references used in this Section 4.10 shall have the respective meanings and numbering references as ascribed to it in the Underwriting Agreement:-

[●]

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