

3. PROSPECTUS SUMMARY

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

3.1 PRINCIPAL DETAILS OF OUR IPO

The principal statistics of our IPO is as follows:

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

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

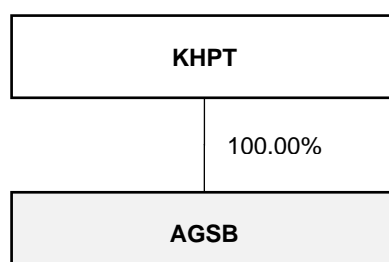
In compliance with Rule 3.19(1) of the Listing Requirements, our Specified Shareholders' entire shareholdings after the IPO will be held under moratorium for 6 months from the date of our Listing. Thereafter, our Specified Shareholders' shareholdings amounting to 59.27% of our total enlarged issued Shares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

3.2 BACKGROUND AND OVERVIEW

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

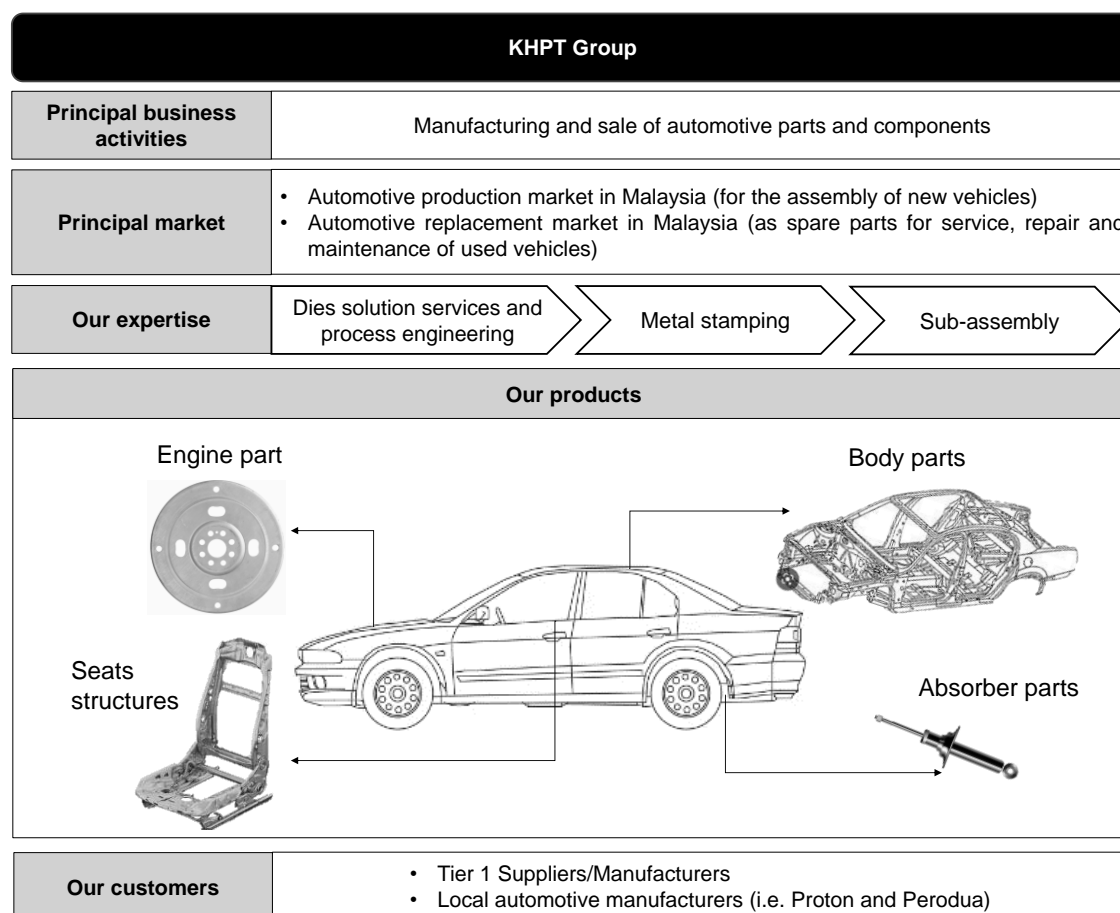
We are an investment holding company. Through our Subsidiary, we are principally involved in manufacturing and sale of automotive parts and components, comprising body parts, seat structures and other parts (i.e. engine parts and absorber parts).

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



3. PROSPECTUS SUMMARY (Cont'd)

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



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

3.3 COMPETITIVE STRENGTHS

Our Group's competitive strengths include the following:

- (i) Our Group's parts and components are mainly used by local automotive manufacturers (i.e. Proton and Perodua) for the assembly of Proton and Perodua cars respectively. Our automotive parts and components are customised and manufactured according to the varied requirements of each vehicle model, and are sold to Proton and Perodua directly, or to their respective Tier 1 Suppliers/Manufacturers. Our Group has been an automotive parts and components supplier to Proton and Perodua vehicles for 29 years and 24 years respectively, including the years in which we supplied parts and components to Proton and Perodua indirectly through their Tier 1 Suppliers/Manufacturers.
- (ii) The growth of our Group is backed by our dies solution and process engineering capabilities. By leveraging on the experience and technical know-how of our key technical personnel, our Group has been able to design and develop optimised manufacturing processes. Further, it is also our competitive edge to have in-house dies solution expertise as we are able to have assurance on the quality of dies and jigs manufactured, as well as respond to any changes in the requirements of dies and jigs following any adjustments to the designs or specifications of the automotive parts and components, in a timely manner.

3. PROSPECTUS SUMMARY (Cont'd)

- (iii) Our customers comprise mainly Tier 1 Suppliers/Manufacturers of local automotive manufacturers. In the Financial Years Under Review, most of our major customers have purchased automotive parts and components from us for at least 11 years. Our ability to secure recurring sales from our customers is attributed to the quality of our products which meet their stringent quality control measures as well as internationally recognised standards. Further, we have complied with stringent supplier selection processes, which include vendor audits, through tender processes prior to securing our customers and/or securing more orders for new vehicle models, and have been able to accommodate any further assessments required by them such as periodic audits, performance reviews and factory visits.
- (iv) Our Group is led by an experienced and technically skilled key management team that has accumulated years of industry experience and in-depth knowledge of our business operations. Our Group Managing Director, Datin Eloise, who has 21 years of experience in the automotive parts and components manufacturing industry, has played a pivotal role in steering the growth and success of our Group since she took over the management in 2018. Her experience, drive and passion for our business have been instrumental to our Group's success to-date. She is supported by the Key Senior Management, namely Sia Boon Huat, Eng Shu Ling and Oon Pey Yang.

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

3.4 FUTURE PLANS AND STRATEGIES

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

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

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

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

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

3. PROSPECTUS SUMMARY (Cont'd)

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

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

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

3.5 RISK FACTORS

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

- (i) We are dependent on our top 4 major customers and any loss of these major customers and our inability to replace these major customers with new customers or with additional orders from existing customers in a timely manner, could result in a loss of revenue and will have an adverse impact on our Group's financial performance.
- (ii) We are dependent on the availability of technical personnel for the design and manufacturing processes of our parts and components. The loss of a substantial number of our Group's technical personnel without suitable and timely replacements may adversely affect our ability to compete and grow in the automotive parts and components manufacturing industry.
- (iii) The primary raw materials used in our manufacturing activities are steel coils and steel cut sheets. Any prolonged shortages and/or delays in the supply of raw materials may affect our business operations.
- (iv) Our business operations are exposed to unexpected interruptions or delays caused by equipment failures, fire, natural disasters and outbreak of infectious diseases, which may be beyond our control. In the event that any of these incidences occurs, it may result in interruptions to our operations and thus adversely affect our business operations and financial performance.
- (v) We may not be able to successfully implement our future plans and business strategies. There can be no assurance that the effort and expenditures spent on the implementation of our business strategies will yield the expected results in growing our business in terms of financial performance and market presence.
- (vi) We are dependent on our Group Managing Director and Key Senior Management team for continued success and growth of our business. The loss of any of our Group Managing Director and Key Senior Management team may have an unfavourable impact on our Group's operations and the future growth of our business.
- (vii) We are dependent on the availability of manual labour to support our manufacturing activities and if we are unable to hire workers to support our business operations due to the continued extensions to the hiring freeze of foreign workers may affect our Group's financial performance and reputation.
- (viii) Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business operations and financial performance.

3. PROSPECTUS SUMMARY (Cont'd)

- (ix) We are exposed to credit risks and default payment by customers. In the event of not receiving payment within the credit period or default in payment by our customers, our operating cash flows or financial results of operations may be adversely affected.
- (x) We may not be able to secure funding, especially on terms acceptable to us, to meet our capital requirement. If adequate funding is not available when needed, could have a material and adverse effect on our business, financial condition and results of operations.
- (xi) We require licences, permits, approvals and certificates from relevant government authorities and regulatory agencies for our business operations. Any breach or material non-compliance with such regulations may result in the suspension, withdrawal or termination of the relevant licences, permits and approvals, financial penalties or cessation of our operations.
- (xii) We are dependent on the performance of automotive market in Malaysia, specifically the demand for Proton and Perodua vehicles, for our continued success and growth. In the event of any slowdown in the demand for Proton and Perodua vehicles it will adversely affect the demand for our parts and components, which will in turn adversely affect our financial performance.
- (xiii) We face risks arising from political, economic, social and regulatory changes. Unfavourable developments in the socio-political environment in Malaysia could materially and adversely affect our business, financial performance, financial conditions and prospects.
- (xiv) We face competition from other industry players. As such, failure to remain competitive may adversely impact our Group's ability to sustain the sales orders secured from our customers at current or increased levels in the future, which in turn may affect our Group's financial performance.

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

3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors are as follows:

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

Our Key Senior Management is as follows:

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

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

3. PROSPECTUS SUMMARY (Cont'd)

3.7 PROMOTER AND SUBSTANTIAL SHAREHOLDERS

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

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

Notes:

- (1) Based on our issued share capital before our IPO of 293,742,113 Shares following the Acquisition, details of which are set out in Section 6.5 (ii) of this Prospectus.
- (2) Based on our enlarged issued share capital after our IPO of 402,386,413 Shares.
- (3) Deemed interest by virtue of the shareholdings of her sister, being Ivy See, pursuant to Section 8 of the Act.
- (4) After the Offer for Sale, he will cease to be our substantial shareholder.
- (5) Deemed interest by virtue of the shareholdings of her sister, being Datin Eloise, pursuant to Section 8 of the Act.

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

3.8 UTILISATION OF PROCEEDS

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

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

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

3. PROSPECTUS SUMMARY (Cont'd)**3.9 FINANCIAL HIGHLIGHTS****3.9.1 Combined statements of profit or loss and other comprehensive income**

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

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

Notes:

- (1) *Included in other expenses is an one-off impairment loss on the non-current asset held for sale of RM1.03 million, incurred in FYE 2023 for Lot 2625 to its disposal consideration. Please refer to Note 1 to the combined statements of financial position in Section 12.1.2 of this Prospectus for further details.*
- (2) *Calculated based on GP over revenue*
- (3) *Calculated based on PBT over revenue.*
- (4) *Calculated based on PAT over revenue.*
- (5) *Basic and diluted EPS are calculated based on PAT for the Financial Years Under Review over our enlarged 402,386,413 Shares in issue after our IPO. There are no potential dilutive securities in issue during the respective Financial Years Under Review.*

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

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

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3. PROSPECTUS SUMMARY (Cont'd)**3.9.2 Combined statement of financial position**

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

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

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

3. PROSPECTUS SUMMARY (Cont'd)**3.10 DIVIDEND POLICY**

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

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

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

Notes:

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

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

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

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