

2. 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.

2.1 PRINCIPAL DETAILS OF OUR IPO

The principal statistics of our IPO is as follows:

Number of Shares to be issued pursuant to our Public Issue	
- Malaysian Public via balloting	80,000,000
- Eligible Parties	20,000,000
- Private placement to selected investors	250,000,000
	350,000,000
Number of Shares to be offered under our Offer for Sale	350,000,000
Enlarged total number of issued Shares upon Listing	2,000,000,000
IPO Price per Share	RM[●]
Market Capitalisation (based on our IPO Price and the enlarged total number of 2,000,000,000 Shares upon Listing)	RM[●]

Further details of our IPO are set out in Section 4 of this Prospectus.

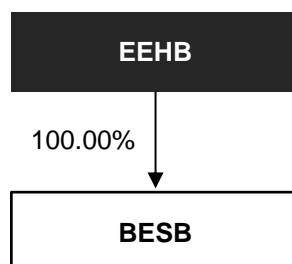
Our Specified Shareholders' entire shareholdings after IPO will be held under moratorium for 6 months from the date of our Listing. Thereafter, our Specified Shareholders' shareholdings amounting to at least 45% of our total number of Issue Shares will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their Shares held under moratorium upon expiry of the second 6-month period.

Further details of the moratorium on our Shares are set out in Section 3.2 of this Prospectus.

2.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act on 10 January 2024 as a public limited company.

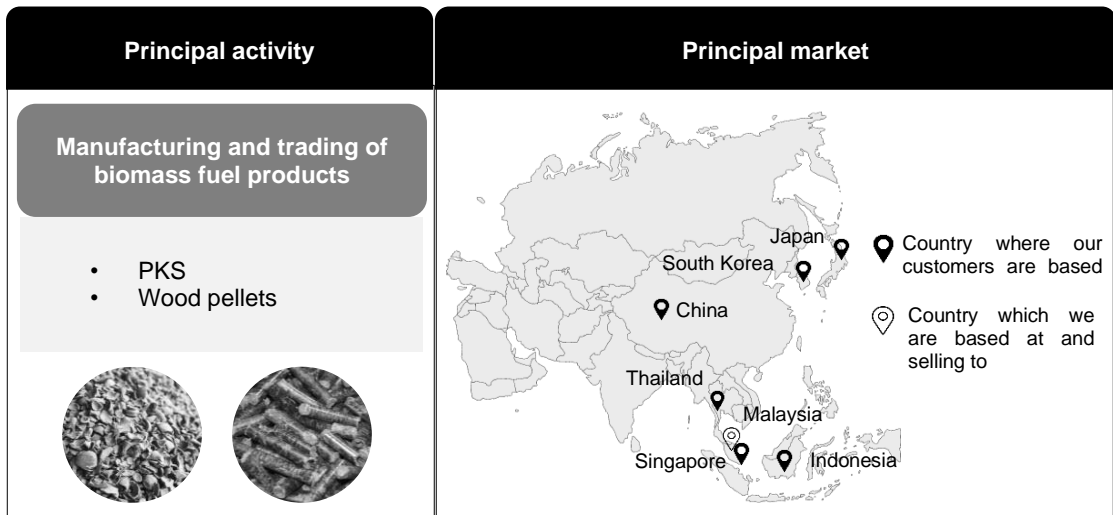
Our Company is principally an investment holding company. Our Group structure as at the LPD is as follows:



Through our Subsidiary, we are principally involved in the manufacturing and trading of biomass fuel products, particularly PKS and wood pellets.

2. PROSPECTUS SUMMARY (CONT'D)

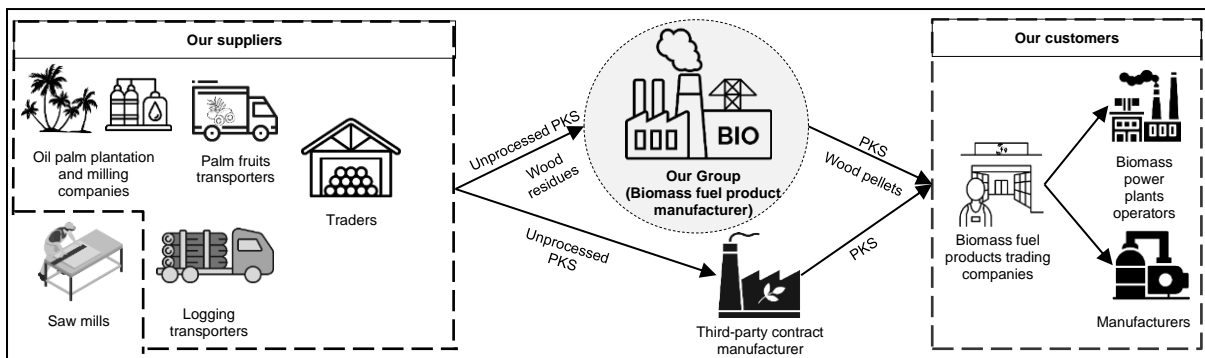
The following diagram illustrates our business model:



We source our raw materials from traders, oil palm plantation and milling companies, palm fruits transporters, and logging transporters. As Malaysia is one of the largest oil palm producers globally and is rich in forest resources, most of our raw materials are locally sourced from Malaysia.

Our customer base mainly comprises biomass fuel product trading companies who would sell to end-users comprising manufacturers that require the use of industrial boilers for generation of heat or energy or biomass power plant operators. At times, we may also sell to end-users directly. Our customers are based in countries in Asia Pacific, mainly comprising Malaysia, Singapore, Indonesia and Japan.

The diagram below depicts our Group's role in the industry value chain:



Further details of our business model and principal activities are set out in Section 7 of this Prospectus.

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2. PROSPECTUS SUMMARY (CONT'D)

2.3 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and future growth are built on the following competitive strengths:

(a) We have demonstrated our ability to comply to requirements set by local and foreign customers

Our biomass fuel products are sold to both local and international markets. End-users in different countries have different requirements in terms of moisture levels, calorific value as well as ash, sulphur, sodium, potassium and chlorine volume, foreign material content and durability, and they require biomass fuel product manufacturers such as our Group to adhere to their requirements.

In addition, we have obtained the Green Gold Label for our PKS which endorses that our PKS were produced from raw materials that have been sourced from oil palm plantation and milling companies that have been sustainably managed. Our wood pellets are also PEFC certified, which endorses that our wood pellets were manufactured from using wood residue sourced from suppliers that have complied to the PEFC guidelines. Additionally, we have obtained the Green Label Certification which recognises that our wood pellets are environmentally friendly products and allows us to use the "MyHIJAU" mark on our wood pellets.

(b) We have a network of suppliers

We have a network of local and international suppliers comprising traders, palm oil plantation estates and milling companies, palm fruits transporters, and logging transporters, which enable us to maintain a consistent supply of raw materials.

(c) We have an experienced and committed key senior management

The key senior management's combined skills, extensive knowledge of our Group's products, strong management capabilities and continued focus on realising strategies are important to our Group's continued growth and future development. The combination of our key senior management's experience and expertise have been integral to our success, and will continue to be a key factor in our future development.

(d) Our Port Klang Factory is strategically located and is equipped to produce quality biomass fuel products

Our Port Klang Factory is strategically located near the Port Klang, which is one of the busiest ports in Malaysia. Our strategic location eases our access to the bonded warehouse near the port where our products are stored while awaiting for our customers to arrange for delivery. This allows us to enhance our efficiency as products manufactured at our Port Klang Factory for foreign customers can be immediately delivered to the bonded warehouse in Port Klang which would thereby, reduce delivery costs and time as well as free up space for manufacturing of products at the Port Klang Factory.

In addition, our PKS production lines at our Port Klang Factory utilise our proprietary PKS process to reduce impurities and separate the useful PKS from small unwanted particles such as tiny stones and fibres. We can also control the moisture levels to meet our customers' requirements, which would minimise presence of bacteria, germs, insect sludge, fungi and ammonia in the PKS and increase calorific values of the PKS.

The abovementioned technology used in our manufacturing process is essential in enabling us to consistently provide quality products to meet customers' demand.

2. PROSPECTUS SUMMARY (CONT'D)

(e) Our biomass fuel products can cater for various end-user industries

We offer two (2) types of biomass fuel products, namely PKS as well as wood pellets, both of which are suitable for use in various manufacturing industries and in biomass power plants. PKS and wood pellets can be used for electricity generation in power plants and as a fuel in industrial boilers used in various types of manufacturing related industries to produce heat for various industrial processes. The diverse applications of our products will increase demand for our products and provide us an opportunity to expand our customer base.

Further details of our competitive strengths are set out in Section 7.19 of this Prospectus.

2.4 FUTURE PLAN AND BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth in our business and create long term shareholder value. The future plans and business strategies of our Group are as follows:

(a) We intend to expand our production capacity for PKS in order to grow our sales

At present, we operate out of Port Klang Factory, which has a capacity of 720,000 MT per year. As at FYE 2023, our utilisation rate for our PKS production lines at our Port Klang Factory reached 73.86%, which has grown from 38.83% in FYE 2021. As at the LPD, we have entered into separate sale and purchase agreements and/or memorandum of understanding with customers based in South East Asia and East Asia for the manufacturing and sale of 720,000 MT of PKS to be delivered in FYE 2024 and 710,000 MT to be delivered in FYE 2025, which would fully utilise our PKS production lines at our Port Klang Factory.

As such, we intend to expand our production capacity in order to cater for orders from other new and existing customers.

As at the LPD, we are in the midst of setting up a factory in our rented warehouse in Kapar, Klang. The new factory in Kapar, Klang is estimated to have a capacity of 240,000 MT per annum and is expected to be operational by second half of FYE 2024. The cost of acquiring machineries and equipment for the factory in Kapar, Klang is estimated at RM7.83 million, which will be financed via our internally generated funds and/or bank borrowings.

We also intend to set up new factories in Pasir Gudang, Johor; Kuantan, Pahang; and Lahad Datu, Sabah, as follows:

To this end, we intend to set up three (3) new factories in Pasir Gudang, Johor; Kuantan, Pahang; and Lahad Datu, Sabah, as illustrated below:-

(i) New factory in Pasir Gudang, Johor

As at the LPD, we are still in the midst of finding a suitable premises to rent, which have access to the nearest port. The annual rental costs is estimated to be cumulatively amount to RM2.40 million, and will be funded via our internally generated funds. Once fully operational, the new factory in Pasir Gudang, Johor is estimated to have an annual production capacity of 240,000 MT.

(ii) New factory in Kuantan, Pahang

We intend to acquire a suitable land in Kuantan, Pahang, to construct a factory and warehouse, i.e. the New Kuantan Facility. We will be identifying a suitable land in Kuantan, Pahang with a total land size of approximately 435,000 sq ft. The total built-up area of the New Kuantan Facility is estimated to be 105,000 sq ft based on the initial planning.

2. PROSPECTUS SUMMARY (CONT'D)

We intend to identify a suitable land between 6 and 12 months upon receipt of the gross proceeds from the Public Issue and complete the acquisition of the said land 3 months after. We estimate that the cost of acquiring the land is expected to amount to RM[●] million and the construction cost is approximately RM[●] million, which will be fully funded via our gross proceeds from the Public Issue. Further details are as elaborated in Section 4.7.1 of the Prospectus.

Once fully operational, the New Kuantan Facility is estimated to have an annual production capacity of 240,000 MT.

(iii) New factory in Lahad Datu, Sabah

We intend to rent a premises in Lahad Datu, Sabah to set up the new factory. As at the LPD, we are still in the midst of finding a suitable premises to rent, which have access to the nearest port. The annual rental costs is estimated to be cumulatively amount to RM2.40 million, and will be funded via our internally generated funds.

Once fully operational, the new factory in Lahad Datu, Sabah is estimated to have an annual production capacity of 240,000 MT.

We will also need to expand our operations department. As such, we intend to recruit up to 6 personnel for the new factory in Kapar, Klang by second quarter of 2024, up to 6 personnel for the new factory in Pasir Gudang, Johor by third quarter of 2024 and up to 6 personnel for the new factory in Lahad Datu, Sabah by second quarter of 2025. We will also need to expand our operations department by up to 6 personnel for the New Kuantan Facility, which will be recruited by second quarter of 2024. These new personnel will be operating at the rented premises in Kuantan until the New Kuantan Facility has been set up.

Further details of our future plans and business strategies are set out in Section 7.20 of this Prospectus.

2.5 IMPACT OF COVID-19

2.5.1 Impact of COVID-19 on our Group

Due to the outbreak of COVID-19, the Government implemented various stages of MCO to curb the spread of COVID-19 pandemic. As a result, our Port Klang Factory was required to be temporarily closed between 18 March 2020 until 4 May 2020, following the announcement of the Government to reopen all economic sectors and businesses during the Conditional MCO period. During that time, our Port Klang factory was allowed to operate at 50.0% capacity, and employees who are not involved in manufacturing activities worked from home. Subsequently on 9 October 2020, we received approval from Northport to operate at our bonded warehouse.

During the Total Lockdown implemented on 1 June 2021, we received MITI approval to begin operating at our Port Klang Factory with compliance to the Standard Operating Procedure imposed by the Government. Following this, on 5 July 2021, we received approval from MITI to operate at 60% capacity.

2.5.2 Impact of COVID-19 and MCO on our supply chain and business operations

When the MCO 1.0 was first imposed in March 2020, our supply chain was disrupted due to abrupt closure of economic activities. However, we did not experience material disruptions in terms of meeting our customers' demands or delivery as their operations were also temporarily suspended during the period.

2. PROSPECTUS SUMMARY (CONT'D)

During the MCO periods, in order to mitigate delays in incoming inventory as a result of delays in customs clearance and logistic delay due to travel restrictions, we increased our inventory levels. In addition, we experienced higher logistics costs in FYE 2021. Despite the abovementioned delays and increase in freight rates, we did not experience material disruption or impact to our operations.

In FYE 2022, freight charges began to normalise due to the opening of global economies and we did not experience material disruptions to our supply chain.

2.5.3 Impact of COVID-19 on our financial performance

Despite the COVID-19 pandemic, our Group's financial performance for the FYE 2020 and FYE 2021 were not materially impacted as our revenue grew from RM112.14 million in FYE 2020 to RM115.11 million in FYE 2021.

Since the implementation of the MCO on 18 March 2020 up to the LPD, we incurred RM0.03 million to implement precautionary measures at our premises to minimise the risk of COVID-19 infections and to comply with the SOPs guidelines imposed by the Government. These costs mainly include purchase of face masks, sanitisers and COVID-19 test kits. Such additional cost incurred did not have a material impact on our financial performance for the FYE 2020 and FYE 2021.

2.5.4 Impact of COVID-19 on our Group under the "transition to endemic" phase

Malaysia entered into the "transition to endemic" phase of COVID-19 beginning 1 April 2022, whereby COVID-19 restrictions and SOPs were further relaxed. We did not experience material impact on our operations since the commencement of the "transition to endemic" phase. Notwithstanding the above, we continued to implement in-house COVID-19 related SOPs to reduce the risk of COVID-19 infections amongst our employees.

Further details on the impact of COVID-19 and our measures to commence and continue operations are set out in Section 7.16 of this Prospectus.

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9 of this Prospectus which may have a material adverse impact on our business operations, financial position and the future performance of our Group, in addition to other information contained elsewhere in this Prospectus.

The following are the key risks that we are currently facing or that may occur in the future:

- (a) We may face disruptions in our manufacturing activities
- (b) We may be adversely affected if we are unable to source raw materials in sufficient quantities and/or at acceptable prices
- (c) We are dependent on our Executive Directors and our key senior management for the continuing success of our Group
- (d) We are dependent on contracts signed with our major customers and major supplier
- (e) We depend our ability to secure new orders and contract
- (f) We are exposed to fluctuation in foreign exchange rates
- (g) We may not have sufficient insurance to cover all losses or liabilities

2. PROSPECTUS SUMMARY (CONT'D)

- (h) We may not be able successfully execute our business strategies which may hinder our Group's business growth and success
- (i) We may face credit risk
- (j) We may face competition from other industry players
- (k) We are subject to political, social, regulatory and economic risks
- (l) We are subject to risks of product substitution of PKS and wood pellets
- (m) There is no prior market for our Shares
- (n) Our Listing is exposed to the risk that it may be aborted or delayed
- (o) The trading price and trading volume of our Shares following our Listing may be volatile
- (p) Our Promoters will be able to exert significant influence over our Company

Further details of risk factors are set out in Section 9 of this Prospectus.

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Directors and key senior management are as follows:

Name	Designation
Directors	
Tan Sri Dr Azmil Khalili Bin Dato' Khalid	Independent Non-Executive Chairperson
Yeo Hock Cheong	Executive Director/CEO
Salihudin	Executive Director / Finance Director
Dr Wang Hong	Non-Independent Non-Executive Director
Tan Suat Hoon	Independent Non-Executive Director
Ahmad Lutfi B.Abdull Mutalip @ Talib	Independent Non-Executive Director
Rozainah Binti Baharuddin	Independent Non-Executive Director
Key senior management	
Teoh Soon Tek	COO
Loo Ze Hui	Head of Finance and Project
Choo Mun Chen	Operation Manager

Further details of our Directors and key senior management are set out in Section 5 of this Prospectus.

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2. PROSPECTUS SUMMARY (CONT'D)

2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO together with the Share Transfer are set out below:

Name	Country of Incorporation/ Nationality	⁽¹⁾ Before our IPO but after Acquisition				⁽²⁾ After our IPO and the Share Transfer			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Promoters and substantial shareholders</u>									
Yeo Hock Cheong	Malaysian	561,000,200	34.01	412,499,800	⁽³⁾ 25.00	100,180,000	5.01	739,820,200	⁽³⁾⁽⁴⁾ 36.99
Kayavest	Malaysia	-	-	-	-	327,320,400	16.37	-	-
<u>Promoter</u>									
Salihudin	Malaysian	-	-	-	-	1,500,000	⁽⁵⁾ 0.075	-	-
<u>Substantial shareholders</u>									
Mikro MSC	Malaysia	412,499,800	25.00	-	-	412,499,800	20.62	-	-
BEH	Malaysia	329,999,800	20.00	-	-	229,999,800	11.50	-	-
SJR Holdings	Malaysia	-	-	329,999,800	⁽⁶⁾ 20.00	-	-	229,999,800	⁽⁶⁾ 11.50
Mohammad Suffian Bin Md Yusof	Malaysia	-	-	329,999,800	⁽⁷⁾ 20.00	-	-	229,999,800	⁽⁷⁾ 11.50

Notes:

- (1) Based on the issued share capital of 1,650,000,000 Shares before our IPO but after the Acquisition.
- (2) Based on the enlarged issued share capital of 2,000,000,000 Shares after our IPO and the Share Transfer.
- (3) Deemed interested by virtue of his direct shareholding in Mikro MSC pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his direct shareholding in Kayavest pursuant to Section 8(4) of the Act.
- (5) Assuming all our IPO Shares allocated to him under the Pink Form Allocation are fully subscribed.
- (6) Deemed interested by virtue of its direct shareholding in BEH pursuant to Section 8(4) of the Act.
- (7) Deemed interested by virtue of his direct shareholding in SJR Holdings and indirect shareholding in BEH respectively, pursuant to Section 8(4) of the Act.

Further details of our Promoters and/or substantial shareholders are set out in Section 5 of this Prospectus.

2. PROSPECTUS SUMMARY (CONT'D)

2.9 UTILISATION OF PROCEEDS

The estimated gross proceeds from the Public Issue of RM[●] million will accrue entirely to us and are planned to be utilised in the following manner:

<u>Utilisation of proceeds</u>	<u>RM'000</u>	<u>%</u>	<u>Timeframe for utilisation from the date of Listing</u>
Capital expenditure for the following:			
- Construction of new factory and warehouse in Kuantan	[●]	[●]	Within 36 months
- Purchase of new machineries and equipment	[●]	[●]	Within 18 months
Working capital	[●]	[●]	Within 12 months
Estimated listing expenses	[●]	[●]	Within 3 months
Total	[●]	100.00	

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.7 of this Prospectus.

The gross proceeds from the Offer for Sale of RM[●] million shall accrue entirely to our Selling Shareholders.

2.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

2.10.1 Financial Highlights

The key financial highlights based on the historical audited combined financial statements of our Group for the Financial Years Under Review are as follows:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	(RM'000)	(RM'000)	(RM'000)
Revenue	115,114	144,440	335,251
GP	9,296	15,163	45,969
PBT	1,781	6,354	27,980
PAT	1,742	6,289	23,565
GP margin (%) ⁽¹⁾	8.07	10.50	13.71
PBT margin (%) ⁽²⁾	1.55	4.40	8.35
PAT margin (%) ⁽²⁾	1.51	4.35	7.03
Basic /diluted EPS (sen) ⁽³⁾	0.09	0.31	1.18

Notes:

- (1) GP margin is calculated based on GP divided by revenue.
- (2) PBT margin and PAT margin is calculated based on the respective PBT and PAT divided by revenue.
- (3) Calculated based on our PAT attributable to owners of our Company divided by the enlarged share capital of 2,000,000,000 Shares after our IPO. The diluted EPS is equal to the basic EPS as there was no potential dilutive ordinary shares outstanding at the end of the respective FYE.

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

2. PROSPECTUS SUMMARY (CONT'D)

2.10.2 Operational Highlights

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Manufacturing of PKS	104,764	91.01	144,398	99.97	290,171	86.55
Manufacturing and trading of wood pellets	10,350	8.99	42	0.03	45,080	13.45
Total	115,114	100.00	144,440	100.00	335,251	100.00

Further details on the financial information are set out in Sections 12 and 13 of this Prospectus.

2.11 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. It is our intention to pay dividends to our shareholders in the future, however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

During the Financial Years Under Review, there were no dividends declared or paid. We do not intend to declare and pay any dividends from the LPD up to our Listing.

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