NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF AURELIUS TECHNOLOGIES BERHAD ("ATECH" OR "COMPANY") DATED 29 NOVEMBER 2021 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic Prospectus shall apply throughout this notice).

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad ("**Bursa Securities**") website at www.bursamalaysia.com ("**Website**").

Availability and Location of Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company or the Issuing House, Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a paper/printed copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective applicants should note that the application forms are not available in electronic format.

Jurisdictional Disclaimer

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, the Promoters, the Selling Shareholder, the Principal Adviser, the Sole Bookrunner and the Sole Underwriter named in the Electronic Prospectus have not authorised and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for the subscription or purchase of, or an invitation to subscribe for or purchase, the IPO Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

Close of Application

Applications for the IPO Shares offered under the Retail Offering will open at **10.00 a.m**. on **29 November 2021** and will close at **5.00 p.m.** on **3 December 2021**. Any change to the timetable will be advertised by the Company in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities, are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

AURELIUS TECHNOLOGIES BERHAD

(Registration No. 202101005015 (1405314-D))
(Incorporated in Malaysia under the Companies Act 2016)

Business Address

Plot 21, Jalan Hi-Tech 4,
Kulim Hi-Tech Park, Phase 1,
09090 Kulim, Kedah, MALAYSIA.

TEL : +6 04-4033180

www.atechgroup.com.my

AURELIUS TECHNOLOGIES BERHAD

PROSPECTUS

PROSPECTUS

AURELIUS TECHNOLOGIES BERHAD

(Registration No. 202101005015 (1405314-D))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 103,870,000 ORDINARY SHARES ("IPO SHARES") IN AURELIUS TECHNOLOGIES BERHAD ("ATECH") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED ORDINARY SHARES IN ATECH ("SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING AN OFFER FOR SALE OF UP TO 26,860,000 EXISTING SHARES ("OFFER SHARES") AND A PUBLIC ISSUE OF 77,010,000 NEW SHARES ("ISSUE SHARES") INVOLVING:

(I) INSTITUTIONAL OFFERING OF UP TO 80,961,000 IPO SHARES TO MALAYSIAN INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND

(II) RETAIL OFFERING OF 22,909,000 ISSUE SHARES TO THE DIRECTORS AND ELIGIBLE EMPLOYEES OF ATECH AND ITS SUBSIDIARY ("GROUP"), PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP AND THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM1.36 PER ISSUE SHARE ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED IN THIS PROSPECTUS) IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS. THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:

(A) THE RETAIL PRICE OF RM1.36 PER ISSUE SHARE; OR

(B) THE INSTITUTIONAL PRICE.

Principal Adviser, Sole Bookrunner and Sole Underwriter

Maybank Investment Bank

Maybank Investment Bank Berhad
(Co. Reg. No. 197301002412)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR OFFERING UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

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

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 52.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

THIS PROSPECTUS IS DATED 29 NOVEMBER 2021

All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information" commencing on page viii, "Definitions" commencing on page xi and "Glossary of Technical Terms" commencing on page xx.

RESPONSIBILITY STATEMENTS

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

Maybank IB, being the Principal Adviser, Sole Bookrunner for the Institutional Offering and Sole Underwriter for the Retail Offering, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for our Listing. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

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

The valuation included in this Prospectus should not be construed as an endorsement by the SC on the value of the Property.

OTHER STATEMENTS

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

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

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

Investors should not take the agreement by the Sole Underwriter named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

This Prospectus is published solely in connection with our IPO. Our Shares being offered in our IPO are offered solely in Malaysia on the basis of the information contained and representations made in this Prospectus. Our Directors, the Promoters and Principal Adviser have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Directors, the Promoters, the Principal Adviser or any of their respective directors, or any other persons involved in our IPO.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant authority of any jurisdiction other than Malaysia.

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

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

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. Our Directors, the Promoters and the Principal Adviser have not authorised anyone and take no responsibility for the distribution of this Prospectus outside Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or unlawful or to any person to whom it is unlawful to make such offer or invitation.

ELECTRONIC PROSPECTUS/INTERNET SHARE APPLICATION

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

The contents of the electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

The internet is not a fully secured medium. Your Internet Share Application may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC will prevail.

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

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

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

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

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

(i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the Electronic Prospectus, i.e. to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties;

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

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

INDICATIVE TIMETABLE

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

Event	**Time and/or date**
Opening of the Institutional Offering	29 November 2021
Issuance of the Prospectus/Opening of the Retail Offering	10:00 a.m., 29 November 2021
Closing of the Retail Offering	5:00 p.m., 3 December 2021
Closing of the Institutional Offering	3 December 2021
Price Determination Date	6 December 2021
Balloting of applications for the Issue Shares under the Retail Offering	7 December 2021
Allotment / Transfer of our IPO Shares to successful applicants	15 December 2021
Listing	16 December 2021

In the event 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.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" and "ATech" are to Aurelius Technologies Berhad while all references to "our Group" and "ATech Group" are to our Company and our subsidiary taken as a whole. All references to "we", "us", "our" and "ourselves" are to our Company and where the context otherwise requires, our Group.

Unless the context otherwise requires, references to "Management" are to our Executive Directors and key senior management as at the date of this Prospectus.

Other abbreviations, acronyms and technical terms used in this Prospectus are defined in the "Definitions" and the "Glossary of Technical Terms" sections of this Prospectus, respectively. Words denoting the singular will, where applicable, include the plural and *vice versa* and words importing the masculine gender will, where applicable, include the feminine and neuter genders and vice versa. Reference to persons will include companies and corporations.

Reference to the "Government" are to the Government of Malaysia and reference to "RM" and "sen" are to the lawful currency of Malaysia. Any reference to provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

Any reference to a date and time shall be a reference to a date and time in Malaysia, unless otherwise stated.

All references to the LPD in this Prospectus are to 1 November 2021, being the latest practicable date prior to the registration of this Prospectus with the SC.

Certain numbers presented in this Prospectus have been rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments.

The information on our website or any website directly or indirectly linked to our website does not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in our Shares.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate and our estimated market share. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us or is extracted from the IMR Report as included in Section 8 of this Prospectus. We have appointed Vital Factor to provide an independent market and industry review. In compiling its data for the review, Vital Factor had relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. Furthermore, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

For the purpose of this Prospectus, EBITDA is calculated as our PAT plus (i) income tax expense; (ii) finance costs; (iii) depreciation of property, plant and equipment; and (iv) fair value loss on investment in quoted shares, less (v) interest income.

EBITDA and the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the IFRS and MFRS.

Furthermore, EBITDA is not a measure of our financial performance or liquidity under the IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the IFRS and MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Group for future operations, and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) our business strategies, trends and competitive position;

(ii) our plans and objectives for future operations;

(iii) potential growth opportunities;

(iv) our future financial position, earnings, cash flows and liquidity; and

(v) regulatory environment and the effects of future regulation.

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

(i) demands of our customers;

(ii) general economic, business, social, political and investment environment in Malaysia and globally;

(iii) government policy, legislation and regulation;

(iv) interest rates, tax rates and exchange rates;

(v) shortages in labour;

(vi) competitive environment in our industry in which we operate;

(vii) reliance on approvals and licences;

(viii) delays in availability of supply and fluctuations in prices of input materials;

(ix) fixed and contingent obligations and commitments; and

(x) any other factors beyond our control.

FORWARD-LOOKING STATEMENTS *(Cont'd)*

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 12.2 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

In light of these uncertainties, the inclusion of such forward-looking statements should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with provision of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines.

DEFINITIONS

The following terms in this Prospectus bear the same meaning as set out below unless the term is defined otherwise or the context requires otherwise:

Act	:	Companies Act 2016
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market of Bursa Securities
AGM	:	Annual general meeting
Application	:	Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	:	Application form for the application of the Issue Shares under the Retail Offering accompanying this Prospectus
ATech or Company	:	Aurelius Technologies Berhad
ATech Shares or Shares	:	Ordinary shares in our Company
ATM	:	Automated teller machine
Auditors or Reporting Accountants	:	Grant Thornton Malaysia PLT
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application in respect of the payment for the Issue Shares
Board	:	Board of Directors of our Company
Brazil	:	The Federative Republic of Brazil
Bumiputera	:	In the context of: (i) individuals - Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia; (ii) companies - a company which fulfils, among others, the following criteria or such other criteria as may be imposed by the MITI: (a) registered under the Act as a private company; (b) its shareholders are 100.0% Bumiputera; and (c) its board of directors (including its staff) are at least 51.0% Bumiputera; and (iii) cooperatives - a cooperative whose shareholders or cooperative members are at least 95.0% Bumiputera or such other criteria as may be imposed by the MITI

DEFINITIONS *(Cont'd)*

Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
BVI	:	British Virgin Islands
By-Laws	:	By-laws governing the ESS
CAGR	:	Compound annual growth rate
CCC	:	Certificate of completion and compliance or such certificate by any other name issued by the relevant authority under the Street, Drainage and Building Act 1974 and any by-laws made under it or such relevant legislation applicable at the material time
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
Certificate for Accommodation	:	A certificate granted under the Workers' Minimum Standards of Housing and Amenities Act 2019 certifying an accommodation as fit for occupation by the employees
Certificate of Valuation	:	Certificate of valuation dated 2 November 2021 in respect of the Property prepared by the Valuer
China	:	The People's Republic of China
CMCO	:	Conditional MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
CMSA	:	Capital Markets and Services Act 2007
Comintel Corporation		Comintel Corporation Berhad
Constitution	:	Constitution of our Company
COVID-19	:	An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Department of Labour	:	Department of Labour of Peninsular Malaysia
Directors	:	Directors of our Company
Distribution	:	Distribution by way of dividend-in-specie of 175,329,800 ATech Shares held by MSH, representing 48.95% equity interest in ATech, to the shareholders of MSH
DOSH	:	Department of Occupational Safety and Health
E&E	:	Electrical and Electronics
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation

Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium, including but not limited to CD-ROMs
Electronic Share Application	:	Application for the Issue Shares under the Retail Offering through a Participating Financial Institution's ATM
Eligible Persons	:	Collectively, our Directors, eligible employees of our Group and persons who have contributed to the success of our Group who are eligible to participate in the Retail Offering
EMS	:	Electronics manufacturing services
EPF	:	Employees' Provident Fund Board
EPS	:	Earnings per Share
Equity Guidelines	:	Equity Guidelines issued by the SC
ESGP	:	Employees' share grant plan for the grant of ESGP Shares to the eligible directors and eligible employees of our Group which forms part of the ESS
ESGP Shares	:	ATech Shares to be made available to a Participant pursuant to the exercise of ESOS Options or ESGP Shares to be issued/transferred to a Participant pursuant to the ESGP
ESOS	:	Employees' share option scheme for the granting of ESOS Options to the eligible directors and eligible employees of our Group which forms part of the ESS
ESOS Options	:	The right granted to the Participant to subscribe for new ATech Share(s) at a pre-determined exercise price in accordance with the By-Laws
ESS or Scheme	:	Employees' share scheme of our Company comprising the ESGP and the ESOS
Executive Directors	:	Collectively, LCY and LHC
Final Retail Price	:	Final price per Issue Share to be paid by the investors under the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
FMCO	:	Full MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
Founding MBO Members	:	The key managers and employees of BCM Electronics (other than LCY and LHC) who participated in the management buyout of BCM Electronics
FPE	:	7-month financial period ended
France	:	The French Republic

FYE	:	Financial year ended or where the context otherwise requires, financial year ending
FYE Under Review	:	Collectively, FYEs 31 January 2019, 31 January 2020 and 31 January 2021
Germany	:	The Federal Republic of Germany
Grantee(s)	:	Eligible director(s) or eligible employee(s) of our Group who has(ve) accepted the Offer in accordance with the terms and conditions of the Offer and the By-Laws
Group or ATech Group	:	Collectively, our Company and its subsidiary, BCM Electronics
Hong Kong	:	Hong Kong Special Administrative Region of China
IFRS	:	International Financial Reporting Standards
IMR or Vital Factor	:	Vital Factor Consulting Sdn Bhd, the independent market researcher
IMR Report	:	Independent market research report dated 10 November 2021 prepared by Vital Factor
Institutional Offering	:	Offering of up to 80,961,000 IPO Shares at the Institutional Price, subject to the clawback and reallocation provisions, to Malaysian institutional and selected investors, including Bumiputera investors approved by the MITI
Institutional Price	:	Price per IPO Share to be paid by investors under the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application
Internet Share Application	:	Application for the Issue Shares under the Retail Offering through an Internet Participating Financial Institution
IPO	:	Initial public offering of our IPO Shares in conjunction with our Listing
IPO Shares	:	Collectively, the Offer Shares and the Issue Shares
Issue Shares	:	New Shares to be issued by our Company under the Public Issue
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd
IT	:	Information technology

LCY	:	Lee Chong Yeow @ Lee Chong Yan
LHC	:	Loh Hock Chiang
Listing	:	Listing of and quotation for our entire enlarged issued Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Lithuania	:	The Republic of Lithuania
LPD	:	1 November 2021, being the latest practicable date prior to the registration of this Prospectus with the SC
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day on which Bursa Securities is open for trading of securities
Maybank	:	Malayan Banking Berhad
Maybank IB	:	Maybank Investment Bank Berhad
Maybank Islamic	:	Maybank Islamic Berhad
MBO Sponsors	:	Collectively, LCY, LCH, MSL and SEAFC (on behalf of the JSEAF Fund)
MCCG	:	Malaysian Code on Corporate Governance which came into effect on 28 April 2021
MCO	:	Movement control order under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19 pandemic
MFRS	:	Malaysian Financial Reporting Standards
MIA	:	Malaysian Institute of Accountants
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of International Trade and Industry
MOF	:	Ministry of Finance
MOH	:	Ministry of Health
MSH	:	Main Stream Holdings Sdn Bhd *(formerly known as Aurelius Holdings Sdn Bhd)*

MSH CRCPS	:	Cumulative redeemable convertible preference shares in MSH with an issue price of RM1.00 per MSH CRCPS and dividend payable on each MSH CRCPS at a rate of (i) 6% per annum chargeable and compounded semi-annually; and (ii) 5% per annum chargeable and compounded annually
MSH Shares	:	Ordinary shares in MSH
MSL	:	Main Stream Limited
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
NLC	:	National Land Code 1965
NRP	:	National Recovery Plan
NTA	:	Net tangible assets
OFCL	:	Onshore foreign currency loan
Offer	:	An offer made pursuant to the ESS
Offer for Sale	:	Offer for sale of up to 26,860,000 Offer Shares by the Selling Shareholder
Offer Shares	:	Existing Shares to be offered by the Selling Shareholder pursuant to the Offer for Sale
Official List	:	A list specifying all securities listed on Bursa Securities
Option Period	:	The period commencing from the date of acceptance of the Offer and expiring on the last day of the Scheme Period or upon the date of termination of the Scheme, whichever is earlier, or such other period as specified by the ESS Committee in the Offer
Participant	:	Directors (including non-executive Directors) and/or eligible employees of the companies within our Group who have fulfilled the relevant conditions of eligibility and have received and accepted the Offer
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Share Application
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PB multiple	:	Price-to-book multiple
PE multiple	:	Price-to-earnings multiple

Pink Application Form	:	Application form for the application of the Issue Shares under the Retail Offering by the Eligible Persons accompanying this Prospectus
Pixel Advisers	:	Pixel Advisers Pte. Ltd.
Placement Agreement	:	The placement agreement to be entered into by our Company, LCY, LHC, the Selling Shareholder and the Sole Bookrunner in respect of such number of IPO Shares to be offered under the Institutional Offering
PPE	:	Property, plant and equipment
Pre-IPO Restructuring	:	Acquisition of the entire equity interest of BCM Electronics by ATech
Price Determination Date	:	The date on which the Institutional Price and Final Retail Price will be determined
Principal Adviser	:	Maybank IB
Promoters	:	Collectively, MSH, LCY and LHC
Property	:	An industrial complex located at Plot 21, Jalan Hi-Tech 4, Industrial Zone Phase 1, Kulim Hi-Tech Park, 09090 Kulim, Kedah Darul Aman
Prospectus	:	This prospectus dated 29 November 2021 issued by our Company
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	Public issue of 77,010,000 Issue Shares by our Company
R&D	:	Research and development
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Retail Offering	:	Offering of 22,909,000 Issue Shares at the Retail Price, subject to the clawback and reallocation provisions, to be allocated in the following manner: (i) 5,000,000 Issue Shares reserved for application by the Eligible Persons; and (ii) 17,909,000 Issue Shares for application by the Malaysian Public via balloting
Retail Price	:	Initial price of RM1.36 per Issue Share to be fully paid upon application under the Retail Offering, subject to adjustment as detailed in Section 4.5.1 of this Prospectus
Retail Underwriting Agreement	:	Retail underwriting agreement dated 15 November 2021 between our Company and the Sole Underwriter for the underwriting of the Issue Shares under the Retail Offering

RMCO	:	Recovery MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
SEAFC	:	South East Asia Finance Capital Inc.
Selling Shareholder	:	MSH
Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd
SICDA	:	Securities Industry (Central Depositories) Act, 1991
Singapore	:	The Republic of Singapore
Sole Bookrunner	:	Maybank IB
Sole Underwriter	:	Maybank IB
SOP	:	Standard operating procedures
sq. ft.	:	Square feet
sq. m.	:	Square metre
TCH	:	Tan Chong Hin
Titanium	:	Titanium Goodwill Sdn Bhd
UK	:	United Kingdom of Great Britain and Northern Ireland
USA	:	United States of America
Valuer	:	C H Williams Talhar & Wong Sdn Bhd, the independent valuer appointed to undertake the valuation of the Property

Currencies

AUD	:	Australian Dollar, the lawful currency of Australia
CNY	:	Chinese yuan renminbi, the lawful currency of China
Euro	:	Euro, the lawful currency of European Union
GBP	:	British pound sterling, the lawful currency of the UK
JPY	:	Japanese Yen, the lawful currency of Japan
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia

SGD	:	Singapore Dollar, the lawful currency of Singapore
USD or US$	:	United States Dollar, the lawful currency of the USA

Subsidiary

BCM Electronics	:	BCM Electronics Corporation Sdn Bhd

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used in this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms.

Alternating current	:	An electric current that periodically reverses direction at regular intervals
ATEX (Atmosphères Explosives) certification	:	A European Union certification for equipment intended for use in a potentially explosive atmosphere
Automated guided vehicles or AGV	:	A mobile vehicle to perform tasks relating to the loading of input materials at the loading stations
Automated optical inspection or AOI	:	An automated visual inspection process carried out by a camera system to scan a printed circuit board or printed circuit board assembly for any anomalies, missing components, or other defects
Ball grid array or BGA	:	A method of packaging IC that uses bare metal spheres or balls to provide connections between the internal circuits of the IC and the external circuits of a PCB. BGA IC package uses SMT for PCBA
Box build	:	End-to-end manufacturing of a finished product
Capacitor	:	A discrete semiconductor component used to store electrical energy for a short period of time
Central Processing Unit or CPU	:	An IC package used in computer or other machinery and equipment which processes and executes instructions
Chip	:	An individual integrated circuit that has not yet been packaged
Consumer Electronics	:	Electronic products commonly used by individuals or households
Diode	:	A discrete semiconductor component that allows electric current to flow easily in one direction
Direct Current	:	An electric current that flows in only one direction in an electric circuit
Discrete semiconductor component	:	An electronic component made of semiconductor material that does one elementary electronic function that cannot be further subdivided. Examples of discrete semiconductor components are resistors, transistors, diodes, rectifiers, inductors and LED. For example, a diode's function is to allow current to flow in one direction only
Electromechanical	:	A part, component or device comprising electrical and mechanical parts
Electronics	:	Pertaining to the production, flow and control of electrons in the form of electricity
Electronics manufacturing services or EMS	:	An outsourcing activity where the electronics manufacturing service provider undertakes manufacturing of electronic components, parts or products on behalf of its customer
Electrostatic discharge	:	Refers to the channelling of static electricity from an object to the ground. Static electricity may cause damage to electronic components, and thus must be discharged to prevent damaging electronic components

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

End-to-end manufacturing solutions	:	In the context of this Prospectus, it is also referred to as turnkey solutions where we provide manufacturing services from sourcing and procurement of parts and components to board and mechanical assembly, and up to the finished electronic product
Fine pitch	:	Commonly used in SMT where the distance between the legs of two components are very close to each other. Commonly, the distance is no more than 0.65 mm
Flexible PCB	:	A type of PCB where the circuitry is printed onto a flexible material rather than a rigid substrate. Flexible PCB is required for products with more than one part and are subjected to constant bending or opening and closing, like a laptop computer
Gerber file	:	A common standard file format comprising all the relevant information pertaining to the PCB and all the parts, components, tasks and specifications required to carry out board assembly into a PCBA
IC package	:	An IC that is encapsulated in a non-conductor material, such as ceramic or plastic, with metal legs or contacts protruding from the encapsulation. The metal legs, referred to as leads, or contacts will allow linkages between the circuitry inside the IC package and the external circuitry on the PCB. An example of an IC package is a central processing unit (CPU) or solid-state memory used in a computer
Industrial electronics	:	Electronics used in industrial, commercial and government applications.
Integrated circuit or IC	:	One or more fully edged die integrated with tiny discrete semiconductor components to form complete circuitries to perform one or more functions. An example of an IC after packaging is a central processing unit (CPU) or solid-state memory used in computers. In the context of this prospectus, it is used interchangeably with IC package, unless specified otherwise
Internet of things or IoT	:	A general term where sensors and other components which incorporate wireless communication capabilities are attached onto various objects such as vehicles or containers. The IoT device is able to communicate with base stations, other devices or other sensors or receivers through one or more networks. IoT devices include wearables, connected cars, smart phones, meters and instrumentation sensors
IPC-A-610 Class 3	:	IPC International Inc. ("**IPC**") is a global association of participants in the electronics industry that, among others, provides standards and quality programmes for its members. IPC-A-610 is an acceptability standard for electronic assemblies comprising three classes. Class 3 represents the highest standard, requiring electronic assemblies to be built in compliance to all IPC criteria covering laminate selection, plating thickness, material qualifications, manufacturing processes and inspection. Class 3 standard is typically applied to critical PCBA
Land grid array or LGA	:	A method of packaging for IC that uses bare metal pads to provide connections between the internal circuits of the IC and the external circuits of a PCB. LGA IC package requires SMT for incorporation into PCBA
Light emitting diode or LED	:	A semiconductor device that emits infrared or visible light when charged with an electric current

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

Manufacturing execution system or MES	:	It refers to an integrating computer hardware and software system designed to monitor, manage and track manufacturing operations to improve efficiency and provide traceability of the material used in the production line
Multicomponent integrated circuit or MCO IC	:	Comprises one or more integrated circuits with one or more semiconductor components such as a sensor and/or oscillator for the transmission of radio frequency, made to be inseparable on a single package, and must be assembled into a PCB or some other device. A multicomponent IC is not an end-product
Optoelectronics	:	Electronic devices or components that convert electrical energy into light, or light into energy through the use of semiconductor components. This can include electrically driven light sources such as laser diodes and LED. Devices or components that convert light to electrical current include solar photovoltaic cells. In the context of this prospectus, optoelectronics refers to LED
Original design manufacturer or ODM	:	A manufacturing company that manufactures its own designed products
Pitch	:	Distance between the centre of two objects
Plated through-hole or PTH	:	A mounting technology to populate a PCB using components with legs to be placed through holes in a PCB and subsequently their legs are soldered to the circuitry on the opposite side of the PCB. The holes are also plated with copper conductor
Printed circuit board or PCB	:	PCB refers to a flat plate or base of insulating materials bearing a pattern of conductive materials, usually copper, to form an electric circuit to facilitate the flow of electricity. A PCB starts with a substrate such as a plastic board commonly with copper plating on one side. An electric circuit design is printed on the copper surface where a chemical is used to remove the unwanted copper parts, leaving behind the electrical circuit. A PCB can be made using a rigid base or a flexible base The PCB provides the connectivity for electrical and electronic components like transistors, capacitors, diodes, resistors and IC to manage and control the flow of electricity
Printed circuit board assembly or PCBA	:	Refers to a printed circuit board with all the necessary components including discrete semiconductor components like transistors, capacitors, diodes and resistors as well as IC package, connectors, inductor coils, fans and others on the PCB. The discrete semiconductor components as well as IC packages are placed on the surface of the PCB using SMT and through the PCB using PTH auto insertion
Process capability index or Cpk	:	A measure of the machine or equipment's capability to produce a product that meets its predefined specifications and requirements
Quad Flat Non-Leaded or QFN	:	A rectangular IC package that does not have leads (legs) but uses a pad to attach to the PCB by SMT
Quad Flat Package or QFP	:	A rectangular IC package that has leads (legs) extending from all four sides and the package is attached to the PCB by SMT

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

Radio frequency	:	In the context of this prospectus, it refers to a method of communications or transfer of data between the receiver and transmitter through air or space using radio signals in the form of electromagnetic waves ranging from 30 megahertz to 300 megahertz
Rectifier	:	A discrete semiconductor component used to convert alternating current to direct current
Reflow solder	:	A process of melting a pre-applied solder paste on the PCB to bond IC packages and other semiconductor components onto the PCB
Resistor	:	A discrete semiconductor component used to control or limit the amount of electrical current in a circuit or to provide a voltage drop
Semiconductor	:	A material that has electric conductivity properties somewhere between a good conductor like copper and an insulator like rubber. The term "semiconductor" used in this prospectus refers to "semiconductor devices or components" and not the material, unless otherwise stated. Some examples of semiconductor components or devices include substrates (for example wafers), discrete components (for example transistors, diodes, capacitors and resistors), optoelectronics (for example LED), and integrated circuits
Solder	:	A metal alloy used to bond two separate metal parts. In electronics, the solder is commonly an alloy predominantly composing of tin combined with other metals such as silver, copper and/or bismuth
Subassembly	:	A semi-finished electronic product. In the context of this Prospectus, it comprises at least a PCBA together with other electrical, mechanical, metal and non-metal parts used in a larger semi-finished or finished product
Surface Mount Technology or SMT	:	A method of mounting or placing semiconductor components such as resistors, transistors, capacitors and IC packages onto the surface of a PCB. SMT enables miniaturisation of circuitries where very small semiconductor components can be accurately handled and placed precisely with very small tolerance, therefore allowing more components to be mounted within a given area. With the miniaturisation of many electronic devices, SMT is a critical technology to facilitate the manufacturing of a large majority of electronic products
System build	:	Finished products comprising several box build products and subassemblies into a finished system. For system build products, the Group provides integration into a complete communication system
Telematics	:	In the context of this prospectus, it refers to devices that are able to measure, monitor, record and process information of its surrounding, and subsequently send the information to a base station or another device. It is also able to receive information or signals to trigger an action in the telematic device
Transistor	:	A discrete semiconductor component that either amplifies current or works as a switch. As a switch it can switch from a low current to a high current, and vice versa, or switch current on or off

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

Two-way radio	:	A communication system that uses a fixed radio frequency channel to transmit and receive radio waves for the communication between two users or groups of users. At any one time only one user can transmit while the rest will receive the signals. Two-way radio can be segmented into two types, namely conventional radio and trunk radio
Wave solder	:	A method of soldering through-hole such as PTH components that are inserted through a PCB. The PCBA containing the PTH components is passed through a molten bath of solder where the legs of the PTH components are soldered to the underside of the PCB to fix and provide contact with the circuitries on the PCB

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Nationality	Address
Datin Normaliza Binti Kairon	Independent Non-Executive Director / Chairperson	Malaysian	7, Jalan Istana 12/4, Seksyen 12, 40100 Shah Alam, Selangor
F'ng Meow Cheng	Independent Non-Executive Director	Malaysian	7, Lorong Bukit Kecil 14, Taman Bukit Kecil, 14000 Bukit Mertajam, Penang
Nor Shahmir Bin Nor Shahid	Independent Non-Executive Director	Malaysian	53, Jalan USJ 3A/7, 47610 Subang Jaya, Selangor
Yee Swee Meng	Independent Non-Executive Director	Malaysian	A-13-06, Arte Condominium, Jalan Kuchai Maju 12, Kuchai Entrepreneurs Park, 58200 Kuala Lumpur
Lee Chong Yeow @ Lee Chong Yan	Non-Independent Executive Director / Group Chief Executive Officer	Malaysian	23-4-3, Sri York Condominium, Halaman York, 10450 Penang
Loh Hock Chiang	Non-Independent Executive Director / Group Chief Financial Officer	Malaysian	12A, Jalan Kemuning Permai 33/43C, Kemuning Utama, 40400 Shah Alam, Selangor

1. CORPORATE DIRECTORY *(Cont'd)*

AUDIT COMMITTEE

Name	Designation	Directorship
Nor Shahmir Bin Nor Shahid	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
F'ng Meow Cheng	Member	Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Nor Shahmir Bin Nor Shahid	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
Loh Hock Chiang	Member	Non-Independent Executive Director / Group Chief Financial Officer

REMUNERATION COMMITTEE

Name	Designation	Directorship
Yee Swee Meng	Chairperson	Independent Non-Executive Director
Nor Shahmir Bin Nor Shahid	Member	Independent Non-Executive Director
F'ng Meow Cheng	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
F'ng Meow Cheng	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
Nor Shahmir Bin Nor Shahid	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARY	:	Pauline Ng Peck Kun No. 21, USJ 4/1F, UEP Subang Jaya, 47600 Subang Jaya, Selangor	Professional qualification: Malaysian Institute of Chartered Secretaries and Administrators (MAICSA Membership No.: 7029550) (SSM Practicing Certificate No. 201908002573)
REGISTERED OFFICE	:	Level 19-1, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur Tel. No.: +603 2094 0999 Fax No.: +603 2094 2992 Email: info@atechgroup.com.my Website: www.atechgroup.com.my	
HEAD/MANAGEMENT OFFICE	:	Plot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Park, Phase 1, Kulim, 09090 Kedah Tel. No.: +604 403 3180 Fax No.: +604 403 3181 Email: info@atechgroup.com.my Website: www.atechgroup.com.my	
SELLING SHAREHOLDER	:	Main Stream Holdings Sdn Bhd *(formerly known as Aurelius Holdings Sdn Bhd)* Level 19-1, Menara Millenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur	
PRINCIPAL ADVISER, SOLE BOOKRUNNER AND SOLE UNDERWRITER	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur Tel. No.: +603 2059 1888	
LEGAL ADVISERS	:	*To our Company as to Malaysian law* Wong Beh & Toh Level 19, West Block, Wisma Golden Eagle Realty, 142-C, Jalan Ampang, 50450 Kuala Lumpur Tel. No.: +603 2713 6050	

1. CORPORATE DIRECTORY *(Cont'd)*

		Fax No.: +603 2713 6052
	:	*To the Sole Bookrunner and Sole Underwriter as to Malaysian law* Adnan Sundra & Low Level 25, Menara Etiqa, No. 3, Jalan Bangsar Utama 1, 59000 Kuala Lumpur Tel. No.: +603 2279 3288 Fax No.: +603 2279 3228
AUDITORS AND REPORTING ACCOUNTANTS	:	Grant Thornton Malaysia PLT Level 5, Menara BHL, 51, Jalan Sultan Ahmad Shah, 10050 Penang Tel. No. : +604 228 7828 Fax No. : +604 227 9828 Partner-in-charge: Loo Wei Teng Approval No.: No. 03487/03/2022 J Professional qualification: Member of the MIA (MIA Membership No.: 32222)
IMR	:	Vital Factor Consulting Sdn Bhd V Square @ PJ City Centre (VSQ) Block 6, Level 6, Jalan Utara, 46200 Petaling Jaya, Selangor Tel. No: +603 7931 3188 Fax No: +603 7931 2188 Name of signing director: Wooi Tan *(See Section 8 of this Prospectus for the profile of the firm and signing director)*

1. CORPORATE DIRECTORY *(Cont'd)*

VALUER	:	C H Williams Talhar & Wong Sdn Bhd Suite 2.7 Level 2 Wisma Great Eastern, No. 25 Lebuh Light, PO Box 1161, 10200 Pulau Pinang Tel. No.: +604 263 3377 Fax No.: +604 263 0359 Valuer-in-charge: Peh Seng Yee Education: (a) Master of Business Administration, University of Portsmouth (b) Bachelor of Surveying (Hons) Property Management, Universiti Teknologi Malaysia Professional affiliations / accreditations: (a) Registered Valuer (V0527), Registered Real Estate Agent (E1527), (b) Registered Property Manager (PM0527) (c) Fellow of the Royal Institution of Surveyors Malaysia (RISM) (d) Member of the Royal Institution of Chartered Surveyors (e) Member of the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (f) Member of the Malaysian Institute of Property and Facility Managers (g) Member of the FIABCI Malaysian Chapter
ISSUING HOUSE AND SHARE REGISTRAR	:	Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur Tel. No.: +603 2783 9299 Fax No.: +603 2783 9222
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by the SAC

2. INTRODUCTION

2.1 APPROVALS AND CONDITIONS

2.1.1 SC

The SC has, via its letter dated 4 October 2021, approved our IPO and our Listing under Section 214(1) of the CMSA, and the resultant equity structure of our Company pursuant to our Listing under the equity requirement for public listed companies, subject to the following condition:

No.	Details of condition imposed	Status of compliance
(i)	Maybank IB and ATech to fully comply with the requirements of the Equity Guidelines and Prospectus Guidelines pertaining to the implementation of our Listing.	To be complied

In the same letter, the SC has also noted the effects of our Listing on the equity structure of our Company as follows:

	As at 30 June 2021[(1)]		After our Listing	
Category of shareholders	**No. of Share**	**% of our issued Share**	**No. of Shares**	**% of our enlarged issued Shares**
Bumiputera				
- Bumiputera public via balloting	-	-	8,954,500	2.50
- Bumiputera investors to be approved by the MITI	-	-	44,772,500	12.50
Total Bumiputera[(2)]	**-**	**-**	**53,727,000**	**15.00**
Non-Bumiputera[(3)]	1	100.00	304,453,000	85.00
Total Malaysians	**1**	**100.00**	**358,180,000**	**100.00**
Foreigners	-	-	-	-
TOTAL	**1**	**100.00**	**358,180,000**	**100.00**

Notes:

(1) Being the latest practicable date, prior to the submission of our Listing application to the SC.

(2) Assuming all our IPO Shares allocated to Bumiputera investors approved by the MITI under the Institutional Offering and Bumiputera investors under the Retail Offering via balloting are fully subscribed.

(3) Assuming all our IPO Shares other than those allocated to Bumiputera investors approved by the MITI under the Institutional Offering and Bumiputera investors under the Retail Offering via balloting are allocated to Malaysians and non-Bumiputera investors as the actual subscribers cannot be determined at this juncture.

2. INTRODUCTION *(Cont'd)*

2.1.2 Bursa Securities

Bursa Securities has, via its letter dated 1 November 2021, approved our Admission, our Listing and the listing of and quotation for our new Shares to be issued pursuant to the ESS.

2.1.3 SAC

The SAC has, via its letter dated 26 August 2021, classified our Shares as Shariah-compliant securities based on the audited financial statements of BCM Electronics for the FYE 31 January 2021 and the Pro Forma Combined Statements of Financial Position as at 31 January 2021.

2.1.4 MITI

The MITI has, via its letter dated 6 September 2021, stated that it has taken note and has no objection for us to implement our Listing.

2.2 MORATORIUM ON OUR SHARES

Pursuant to Paragraphs 5.29(a) and 5.30, Part II of the Equity Guidelines, our Shares directly held by the Promoters as at the date of our Listing are subject to moratorium. In this respect, our Shares that are subject to moratorium are set out below:

	Direct	
Name	**No. of Shares**	**%**
	'000	
MSH	254,310	71.00
LCY	(1)100	(2)-
LHC	(1)100	(2)-
Total	**254,510**	**71.00**

Notes:

(1) Represents the Issue Shares allocated under the allocation for the Eligible Persons under the Retail Offering.

(2) Negligible.

MSH, LCY and LHC have fully accepted the moratorium. They will not be permitted to sell, transfer or assign any of their respective holding in our Shares as at the date of our Listing for a period of six (6) months from the date of our Listing.

The above moratorium restrictions are specifically endorsed on the share certificates representing our Shares held by MSH, LCY and LHC which are under moratorium to ensure that our Share Registrar will not register any sale, transfer or assignment that contravenes such restrictions.

2. INTRODUCTION *(Cont'd)*

The following persons/parties are not allowed to sell, transfer or assign their entire shareholdings in respect of the following for a period of six (6) months from the date of our Listing:

(i) the shareholders of MSH, namely MSL, LCY, LHC, Pixel Advisers and Titanium, in respect of their shares held in MSH;

(ii) the shareholders of MSL, namely LCY and LHC, in respect of their shares in MSL;

(iii) the sole shareholder of Pixel Advisers, namely TCH, in respect of his shares in Pixel Advisers; and

(iv) the shareholders of Titanium, namely the Founding MBO Members, in respect of their shares in Titanium.

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

3.1.1 Institutional Offering

The Institutional Offering involves the offering of up to 80,961,000 IPO Shares (comprising up to 26,860,000 Offer Shares and 54,101,000 Issue Shares), representing up to approximately 22.60% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus, at the Institutional Price in the following manner:

(i) 44,772,500 IPO Shares, representing 12.50% of our enlarged issued Shares to Bumiputera investors approved by the MITI; and

(ii) up to 36,188,500 IPO Shares, representing up to approximately 10.10% of our enlarged issued Shares to the Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI).

3.1.2 Retail Offering

The Retail Offering involves the offering of 22,909,000 Issue Shares, representing 6.40% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus, at the Retail Price in the following manner:

(i) Allocation to the Eligible Persons

5,000,000 Issue Shares, representing 1.40% of our enlarged issued Shares, are reserved for application by the Eligible Persons in the following manner:

Category of Eligible Persons	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Our Directors[1]	6	1,000,000
Eligible employees of our Group[2]	57	1,000,000
Persons who have contributed to the success of our Group[3]	10	3,000,000
Total	**73**	**5,000,000**

Notes:

(1) *The allocation to our Directors is based on, among others, their respective roles and responsibilities in our Company and a total of 1,000,000 Issue Shares have been allocated to them as follows:*

Name	*Designation*	*No. of Issue Shares allocated*
Datin Normaliza Binti Kairon	*Independent Non-Executive Director / Chairperson*	*260,000*
F'ng Meow Cheng	*Independent Non-Executive Director*	*180,000*
Nor Shahmir Bin Nor Shahid	*Independent Non-Executive Director*	*180,000*
Yee Swee Meng	*Independent Non-Executive Director*	*180,000*

Name	*Designation*	*No. of Issue Shares allocated*
LCY	*Non-Independent Executive Director / Group Chief Executive Officer*	*100,000*
LHC	*Non-Independent Executive Director / Group Chief Financial Officer*	*100,000*
	Total	***1,000,000***

(2) *The allocation to the eligible employees of our Group who are full-time confirmed employees is based on, among others, job grade, performance, length of service and their past contribution to our Group. A total of 400,000 Issue Shares have been allocated to our key senior management as follows:*

Name	*Designation*	*No. of Issue Shares allocated*
Chong Kean Seong	*Senior Director of Operation*	*100,000*
Seah Chin Sen	*Senior Director of Supply Chain Management*	*90,000*
Chieng Chee Boon	*Senior Director of Quality Assurance and Manufacturing Planning*	*90,000*
Khoo Boo Eng	*Director of Business Development*	*40,000*
Valli Kumaran A/L Ramachandran	*Director of Finance*	*40,000*
Hafiz Bin Hashim	*Director of Test Systems Engineering*	*40,000*
	Total	***400,000***

(3) *The allocation to persons who have contributed to the success of our Group is based on, among others, the nature and terms of their business relationship with us, their length of business relationship with our Group and the level of contribution and support to the success of our Group.*

(ii) Allocation via balloting to the Malaysian Public

17,909,000 Issue Shares, representing 5.00% of our enlarged issued Shares, are reserved for application by the Malaysian Public via balloting, of which 8,954,500 Issue Shares have been set aside strictly for Bumiputera citizens, companies, co-operatives, societies and institutions.

3.1.3 ESS

In conjunction with our Listing, we have established an ESS which entails the granting of ESOS Options and ESGP Shares to the eligible directors (including non-executive directors) and/or eligible employees of our Group who fulfils the conditions of eligibility as stipulated in the By-Laws. However, we do not intend to grant any ESOS Option and/or ESGP Share in conjunction with our Listing. Further details of the ESS are set out in Section 4.2.4 of this Prospectus.

3.1.4 Moratorium on our Shares

In accordance with the Equity Guidelines, MSH, LCY and LHC are not allowed to sell, transfer or assign any part of their respective holdings in our Shares as at the date of our Listing for a period of six (6) months from the date of our Listing.

The Public Issue and Offer for Sale will raise gross proceeds of RM104.73 million and RM36.53 million, respectively. Further details of our IPO and moratorium on our Shares are set out in Sections 4.2 and 2.2 of this Prospectus, respectively.

3.2 OUR BUSINESS

Our Company was incorporated in Malaysia under the Act on 9 February 2021 as a private limited company under the name of Aurelius Technologies Sdn Bhd. Subsequently, on 8 July 2021, our Company was converted into a public company. The principal activity of our Company is investment holding while BCM Electronics, being our sole subsidiary, is principally a provider of EMS for industrial electronics products.

For the FYE Under Review, FPE 31 August 2021 and up to the LPD, we carried out EMS for three (3) product categories which are communications and IoT products, electronics devices and semiconductor components. For the FYE 31 January 2021, these three (3) product categories contributed 89.5%, 9.4% and 1.1% respectively to our revenue of RM362.2 million. For the FPE 31 August 2021, these three (3) product categories contributed 83.5%, 13.8% and 2.7% respectively to our revenue of RM200.0 million. We principally operate in Malaysia to serve customers in Malaysia and foreign countries. For the FYE 31 January 2021 and FPE 31 August 2021, our customer base spreads across 11 countries covering Asia Pacific, the Americas and Europe. The top three countries by revenue contribution were the USA, Malaysia and Singapore which collectively accounted for 93.6%, 92.7%, 89.3% and 88.5% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 and FPE 31 August 2021, respectively. Further details of our principal activities, our subsidiary and business model are set out in Sections 6.1, 6.3 and 7.1 of this Prospectus, respectively.

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are set out below:

(i) **We provide a one-stop manufacturing solution for industrial electronic products**

We have the capabilities to carry out manufacturing services for PCBA, subassemblies as well as box build and system build of finished products. We have SMT, PTH and supporting facilities and capabilities to carry out EMS in a timely manner. We can offer customers a complete end-to-end solution which enables us to handle a range of EMS requirements from our customers.

(ii) **We have an established track record of 28 years and have evolved our skills and facilities to meet the needs of the electronics industry**

We have an established track record that spans 28 years as an EMS provider. Over the years, our business has successfully evolved in tandem with the advancement of the electronics industry.

(iii) **We have the expertise, facility and trained technical personnel certified to carry out high melting point and gold soldering**

We are able to perform high melting point soldering for working temperature, which is a key advantage for us to potentially secure new orders and customers while sustaining existing customers.

(iv) **Our geographical coverage across ten foreign markets provides us with the platform to continue to address export market opportunities**

We serve customers across ten foreign markets. The growth in demand for E&E products in the USA will continue to provide growth opportunities for our business operations.

(v) **We have quality programmes and certifications including ATEX certification to substantiate our commitment to product and service quality**

We have various certifications to substantiate our ability to meet the quality standards and expectations of our customers. Our ability and track record in manufacturing products that comply with stringent requirements demonstrate the quality of our work to serve as a reference point to secure contracts from new customers.

(vi) We have MES and abilities to develop customised test programmes, which enables us to provide value added services to our customers

Our production facility in Kulim Hi-Tech Park is fully integrated with our in-house designed and developed MES. Our MES enables full traceability where it can trace and identify all material movements and manufacturing processes carried out for all components and products that pass through our production facility. Our ability to design and code test programs and to carry out testing of, among others, communication devices has helped consolidate our position as an EMS provider for communication devices.

(vii) We have an experienced management and technical team to lead, manage and grow our business and a succession plan in place

We have an experienced management team headed by our Executive Director and Group Chief Executive Officer, LCY and our Executive Director and Group Chief Financial Officer, LHC.

Further details of our competitive strengths are set out in Section 7.2 of this Prospectus.

3.4 IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has had various impact on our business and operations in Malaysia arising from the measures implemented by the Government to reduce and control the spread of COVID-19. As a result, our EMS operations in Malaysia were temporarily interrupted by these measures. We also experienced a disruption in the global supply chain arising from the COVID-19 pandemic.

(i) Impact on our business and financial performance

(a) FYE 31 January 2021

For the FYE 31 January 2021, we faced delays in obtaining certain input materials for our EMS operations as there were disruptions in the global supply chain arising from the COVID-19 pandemic. In addition, our EMS operations were affected due to the restrictions imposed by the Government during the MCO period, which resulted in delays in fulfilment of sales orders to our customers. Upon the resumption of our manufacturing operations, we continued to take the necessary precautions while working under the various constraints imposed by the Government during the MCO. Although we have resumed full operations since 29 April 2020, our revenue and profit for the FYE 31 January 2021 were impacted due to the interruptions to our operations as mentioned above. Our revenue decreased by 7.0% or RM27.1 million and PBT decreased by 45.0% or RM14.6 million for the FYE 31 January 2021.

(b) FYE 31 January 2022

Pursuant to the FMCO that started on 1 June 2021, we continued to operate according to specified guidelines and the latest SOP where our business operations operated at 60% capacity of workforce during Phase 1 of the NRP. Based on 60% capacity, we extended our operating days from 5.5 days a week to 7 days a week which enabled us to achieve an overall of 85% of operating hours per week during the period. Our EMS operations were affected due to the restrictions imposed during the FMCO period, which resulted in delays in fulfilling sales orders. However, with 85% operating capacity during the FMCO period, we were able to reduce potential delays for our planned production. In the event that any prolonged outbreak of the COVID-19 and/or any the implementation of FMCO measures prolonged and/or increase in restrictions to enhanced MCO, this could adversely affect our manufacturing operations and in turn could have an impact on our financial performance for the second half of 2021. Nevertheless, we are of the view that our revenue for the FYE 31 January 2022 will not be materially affected as we have increased our manufacturing activities after the Phase 1 NRP condition was uplifted.

(ii) Impact on our supply chain

The main input materials for our manufacturing operations include PCB and semiconductor components, mechanical, electrical and related parts which are mainly imported. For the FYE 31 January 2021, we faced delays in obtaining certain input materials from our suppliers as there were disruptions in the global supply chain. Consequently, we had to delay the fulfilment of sales orders to our customers for the FYE 31 January 2021.

Nevertheless, we are of the view that the COVID-19 pandemic will not have a material adverse impact on our prospects in the long run. This view takes into consideration the gradual recovery of Malaysia's economy. Further details of the impact of the COVID-19 pandemic are set out in Section 7.16 of this Prospectus.

3.5 FUTURE PLANS AND STRATEGIES

Our future plans and strategies are set out below:

(i) Expansion into semiconductor component manufacturing

We envisage having a total of seven (7) production lines dedicated to semiconductor component manufacturing for Customer F by the end of 2023 to cater for its increased demand as per our mutual understanding with Customer F in terms of the quantity they require and taking into consideration the prospects of the industry including the projected growth of the semiconductor and electronics market in the near term as set out in Section 8 of this Prospectus.

(ii) Expansion of our production facilities

(a) Construction of a new manufacturing plant: As at the LPD, we have commenced the construction of a new manufacturing plant on the vacant land of approximately three (3) acres, adjacent to our existing manufacturing plant. The new single-storey manufacturing plant's footprint is 61,909 sq. ft., and will be used for the expansion of our EMS operations as well as the development of a new product, namely lithium-ion battery pack system for light vehicles.

(b) Purchase of new machinery and equipment: We have placed orders and installed two (2) production lines in 2021 and intend to further expand our production facilities and invest in four (4) new production lines to cater to the business expansion and growth of our EMS services.

(iii) Upgrade our manufacturing facilities towards Industry 4.0

We plan to upgrade our manufacturing facilities by adopting automated material handling system and undertaking development and implementation of customised software and systems for factory automation.

(iv) Introduction of new products

We plan to manufacture lithium-ion battery pack systems for use in light vehicles. As at the LPD, we are working in collaboration with a third party for the development phase of the lithium-ion battery pack systems.

Further details of our future plans and strategies are set out in Section 7.4 of this Prospectus.

3.6 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all the information contained in this Prospectus, including the risks described below, before deciding to invest in our Shares. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

The risk factors that may affect our future financial profitability are not limited to financial risks and industry risks, and include the following:

(i) Risks relating to our business

(a) We are dependent on purchase orders from and agreements with our major customers and agreements with major customers for revenue and on the agreement with Customer F for our ongoing and future expansion plans

Our sales are secured by way of purchase orders from our major customers from time to time. We are dependent on purchase orders from and agreements with our major customers and the loss of any of the major customers, if not replaced, may adversely affect our financial condition and results of our operation. Our major customers collectively contributed approximately 90% or more of our revenue in any given year/period during the FYE Under Review and FPE 31 August 2021. In addition, our financial performance may be adversely affected if our major customers lose market share, experience financial difficulty or if they are faced with an economic downturn which affects demand for their products or services. We are also deemed dependent on Customer F for our on-going and future expansion plans mainly for semiconductor component manufacturing for Customer F.

(b) We are dependent on imported input materials and any disruption in global supply chain may affect our business, results of operations and financial condition

Any serious and prolonged global shortage of input materials may lead to loss of business opportunities and delay in our production. We may be exposed to price fluctuations in the cost of the input materials due to unavoidable time lag between the time of our commitment to our customers and our subsequent purchase of such input materials on our customers' behalf. Imported input materials accounted for 75.4%, 74.8%, 70.2% and 67.8% of our purchases of input materials for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

(c) We are subject to operational risks which may cause interruptions to our business operations

Operational risks including but not limited to fire outbreaks and disruption of electricity supply may cause interruptions to our business operation. Any prolonged disruptions will affect our production schedules and may affect the timely delivery of our products to our customers, which consequently may affect our results of operations, financial condition and reputation.

(ii) Risks relating to our industry

(a) We are subject to the demand and performance of the user-industries

We face the risk of dependency on communications and IoT products within the industrial electronics sector. Hence, in the event of any downturn and/or decline in demand for communication and IoT products, it would adversely affect our business, financial condition, results of operations and prospects.

(b) We operate in a technological industry where we are required to compete effectively

If we do not stay up-to-date with technological advances and be sensitive to the market trends or if one or more of our competitors introduce products and design services that can better address customer's needs, it may adversely affect our Group's competitiveness and therefore may affect our Group's business, financial condition, results of operations and prospects.

(c) The EMS industry may face adverse economic conditions due to pandemic

In 2020, the real GDP growth of the E&E industry moderated to 2.6% from 3.3% in 2019, according to the IMR. This was mainly impacted by the COVID-19 pandemic. A prolonged COVID-19 pandemic or occurrence of similar pandemics in the future would have an adverse effect on business, results of operations and financial condition of operators in the EMS industry.

Further details of the risk factors are set out in Section 5 of this Prospectus.

3.7 USE OF PROCEEDS

The gross proceeds from the Public Issue amounting to RM104.73 million[(1)] will be used in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
Purchase of new machinery and equipment	Within 24 months	40,000	38.2
Repayment of borrowings	Within 6 months	29,520	28.2
Working capital	Within 36 months	28,129	26.9
Estimated expenses for our IPO and our Listing	Within 6 months	7,085	6.7
Total		**104,734**	**100.0**

Note:

(1) We have assumed the Institutional price and Final Retail price will be equal to the Retail Price.

The total gross proceeds from the Offer for Sale of up to approximately RM36.53 million will accrue entirely to the Selling Shareholder.

Further details of the use of proceeds are set out in Section 4.7 of this Prospectus.

3.8 DIVIDEND POLICY

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiary. Distributions by our subsidiary will depend upon its operating results, earnings, capital requirements, general financial condition and other relevant factors. We target a payout ratio of 20% of our PAT attributable to owners of our Company of each financial year on a consolidated basis after taking into account our Group's working capital requirements, subject to any applicable law and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board. The following table sets out the dividends declared and/or paid for the FYE Under Review, FPE 31 August 2021 and up to the LPD, and the corresponding dividend payout ratio:

	FYE 31 January			FPE 31 August 2021	From 1 September 2021 up to the LPD
	2019	**2020**	**2021**		
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Dividends declared and/or paid	54,235	38,622	4,930	3,287	-
PAT	23,881	23,596	15,096	13,203	-
Dividend payout ratio[(1)] (%)	227.1	163.7	32.7	24.9	-

Note:

(1) Computed based on dividends declared and/or paid divided by PAT.

BCM Electronics had declared dividend for the FYE 31 January 2022 of RM3,286,987.80 which was paid to MSH in October 2021. For the avoidance of doubt, neither our Company nor our subsidiary will be declaring any or further dividend for the FYE 31 January 2022. Further details of our dividend policy are set out in Section 12.5 of this Prospectus.

3.9 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

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

3.9.1 Promoters and/or substantial shareholders

		Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
Promoters and substantial shareholders	Nationality/ Country of Incorporation	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
		'000		'000		'000		('000)	
Promoters and substantial shareholders									
MSH	Malaysia	281,170	100.00	-	-	254,310	(3)71.0	-	-
LCY	Malaysian	-	-	(4)281,170	100.00	100	(5)-	(4)254,310	71.0
LHC	Malaysian	-	-	(4)281,170	100.00	100	(5)-	(4)254,310	71.0
Substantial shareholder									
MSL	BVI	-	-	(4)281,170	100.00	-	-	(4)254,310	71.0

Notes:

(1) *Based on our issued Shares before our IPO of 281,170,000 ATech Shares.*

(2) *Based on our enlarged issued Shares after our IPO of 358,180,000 ATech Shares.*

(3) *MSH had provided a charge over its entire shareholding in BCM Electronics in favour of Maybank for the term loan facility it had obtained from Maybank which has since been discharged to facilitate the completion of the Pre-IPO Restructuring. In turn, a new charge over 254,310,000 Shares, being the remaining Shares held by MSH after excluding the Offer Shares, has been provided by MSH to Maybank prior to the registration of this Prospectus with the SC. The new charge will be uplifted upon settlement of the term loan facility by MSH using the proceeds from the Offer for Sale on the date of our Listing.*

(4) *Deemed interested by virtue of his/its interest in our Company via MSH pursuant to Section 8(4) of the Act.*

(5) *Negligible.*

3.9.2 Directors

Name	Designation
Datin Normaliza Binti Kairon	Independent Non-Executive Director/ Chairperson
F'ng Meow Cheng	Independent Non-Executive Director
Nor Shahmir Bin Nor Shahid	Independent Non-Executive Director
Yee Swee Meng	Independent Non-Executive Director
LCY	Non-Independent Executive Director/ Group Chief Executive Officer
LHC	Non-Independent Executive Director/ Group Chief Financial Officer

3.9.3 Key senior management

Name	Designation
Chong Kean Seong	Senior Director of Operation
Seah Chin Sen	Senior Director of Supply Chain Management
Chieng Chee Boon	Senior Director of Quality Assurance and Manufacturing Planning
Khoo Boo Eng	Director of Business Development
Valli Kumaran A/L Ramachandran	Director of Finance
Hafiz Bin Hashim	Director of Test Systems Engineering

Further details of the Promoters, our substantial shareholders, Directors, and key senior management and their direct and indirect shareholdings in our Company are set out in Sections 9.1, 9.2 and 9.4 of this Prospectus, respectively.

3.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out a summary of the combined financial information of our Group for the FYE Under Review and FPE 31 August 2021:

	Audited			
	FYE 31 January			FPE 31 August 2021
	2019	2020	2021	
	RM'000	RM'000	RM'000	RM'000
Combined statements of comprehensive income				
Revenue	358,171	389,305	362,165	200,038
GP	42,787	46,205	30,073	24,509
Profit from operations	33,653	36,383	21,958	19,179
PBT	31,040	32,377	17,819	16,919
PAT attributable to owners of the company	23,881	23,596	15,096	13,203
Other selected financial information				
GP margin (%)	11.9	11.9	8.3	12.3
PBT margin (%)	8.7	8.3	4.9	8.5
PAT margin (%)	6.7	6.1	4.2	6.6
Current ratio (times)	1.3	1.5	1.4	1.3
Cash and cash equivalents	16,974	27,404	17,109	15,930
Total borrowings	83,975	127,679	136,317	127,196
Cash flow				
Net cash from operating activities	5,462	18,250	150	17,972
Net cash used in investing activities	(982)	(5,384)	(14,513)	(10,324)
Net cash (used in)/from financing activities	(23,843)	(2,436)	4,017	(8,821)
Net (decrease)/increase in cash and cash equivalents	(19,363)	10,430	(10,346)	(1,173)

We recorded a significantly lower operating cash flow from operating activities of approximately RM150,000 for the FYE 31 January 2021 mainly due to higher sales in the fourth quarter of the FYE 31 January 2021. Our manufacturing operations were affected in the first half of the year due to MCO restrictions and disruption in the supply of material arising from the COVID-19 pandemic. Our manufacturing activities in the last quarter of FYE 31 January 2021 was higher to make up for lost time from the lower manufacturing activity in the first half of the year.

The contract assets recorded at RM25.2 million as at 31 January 2021, represented goods that have been mainly delivered to our customers' designated hubs in Penang, Malaysia and the USA for our communication devices and accessories but pending the issuance of invoices. Of the total RM25.2 million of contract assets, we have subsequently issued invoices for all the goods delivered and have collected the entire amount as at the LPD.

Order Book

Generally, our sales are derived from purchase orders issued by customers pursuant to the agreements with our customers. In this respect, we do not maintain an order book based on contracts due to the nature of our business.

We have an order book based on secured purchase orders. Of the secured purchase orders of RM736.5 million as at the LPD, we have unbilled purchase orders of RM482.7 million as set out below:

Unbilled purchase orders	**RM'000**
To be delivered from November 2021 to January 2022	164,064
To be delivered from February to April 2022	85,276
To be delivered from May 2022 to November 2023	233,335
Total	**482,675**

Our production capacity and utilisation for the FYE Under Review and FPE 31 August 2021 were as follows:

	Component placements		
Period	**(1)Annual production capacity**	**Production output**	**Utilisation rate**
	million (2)placement points	**million (2)placement points**	**%**
FYE 31 January 2019(3)	1,299	1,151	89
FYE 31 January 2020(4)	1,056	956	91
FYE 31 January 2021(5)	1,965	1,848	94
FPE 31 August 2021(6)	(7)1,350	1,249	93

Notes:

(1) Annual production capacity is based on operating six (6) days a week excluding public holidays (295 days in the FYE 31 January 2019 and 294 days in the FYE 31 January 2020 and FYE 31 January 2021) on 24-hour shift per operating day (equivalent to number of operational days x 24 hours).

(2) Placement points refer to the number of components placed onto the PCB.

(3) For the FYE 31 January 2019, the annual production capacity was for 10 SMT lines.

(4) For the FYE 31 January 2020, the annual production capacity was for seven (7) SMT lines and one (1) new SMT line which operated for only (1) one month. Three (3) SMT lines were decommissioned.

(5) For the FYE 31 January 2021, the annual production capacity was for eight (8) SMT lines and one (1) new SMT line which operated for only six (6) months.

(6) For the FPE 31 August 2021, the production capacity was for nine (9) SMT lines and one (1) new SMT line which operated for only seven (7) days.

(7) Calculated based on 7-month pro-rated capacity.

Further details of the financial and operational information of our Group are set out in Sections 12, 13 and 7 of this Prospectus respectively.

4. DETAILS OF OUR IPO

4.1 INDICATIVE TIMETABLE

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

Event	Time and/or date
Opening of the Institutional Offering	29 November 2021
Issuance of the Prospectus/Opening of the Retail Offering	10:00 a.m., 29 November 2021
Closing of the Retail Offering	5:00 p.m., 3 December 2021
Closing of the Institutional Offering	3 December 2021
Price Determination Date	6 December 2021
Balloting of applications for the Issue Shares under the Retail Offering	7 December 2021
Allotment/Transfer of our IPO Shares to successful applicants	15 December 2021
Listing	16 December 2021

In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

4.2 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus.

Our IPO consists of the Institutional Offering and the Retail Offering, totalling up to 103,870,000 IPO Shares, representing 29.00% of our enlarged issued Shares.

4.2.1 Institutional Offering

The Institutional Offering involves the offering of up to 80,961,000 IPO Shares (comprising up to 26,860,000 Offer Shares and 54,101,000 Issue Shares), representing up to 22.60% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus, at the Institutional Price in the following manner:

(i) 44,772,500 IPO Shares, representing 12.50% of our enlarged issued Shares to Bumiputera investors approved by the MITI; and

(ii) up to 36,188,500 IPO Shares, representing up to approximately 10.10% of our enlarged issued Shares to the Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI).

4.2.2 Retail Offering

The Retail Offering involves the offering of 22,909,000 Issue Shares, representing 6.40% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus, at the Retail Price in the following manner:

(i) Allocation to the Eligible Persons

5,000,000 Issue Shares, representing 1.40% of our enlarged issued Shares, are reserved for application by the Eligible Persons in the following manner:

Category of Eligible Persons	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Our Directors[1]	6	1,000,000
Eligible employees of our Group[2]	57	1,000,000
Persons who have contributed to the success of our Group	10	3,000,000
Total	**73**	**5,000,000**

Notes:

(1) The allocation to our Directors is based on, among others, their respective roles and responsibilities in our Company and a total of 1,000,000 Issue Shares have been allocated to them as follows:

Name	*Designation*	*No. of Issue Shares allocated*
Datin Normaliza Binti Kairon	*Independent Non-Executive Director / Chairperson*	*260,000*
F'ng Meow Cheng	*Independent Non-Executive Director*	*180,000*
Nor Shahmir Bin Nor Shahid	*Independent Non-Executive Director*	*180,000*
Yee Swee Meng	*Independent Non-Executive Director*	*180,000*
LCY	*Non-Independent Executive Director / Group Chief Executive Officer*	*100,000*
LHC	*Non-Independent Executive Director / Group Chief Financial Officer*	*100,000*
	Total	***1,000,000***

(2) *The allocation to the eligible employees of our Group who are full-time confirmed employees is based on, among others, job grade, performance, length of service and their past contribution to our Group. A total of 400,000 Issue Shares has been allocated to the key senior management as follows:*

Name	***Designation***	***No. of Issue Shares allocated***
Chong Kean Seong	*Senior Director of Operation*	*100,000*
Seah Chin Sen	*Senior Director of Supply Chain Management*	*90,000*
Chieng Chee Boon	*Senior Director of Quality Assurance and Manufacturing Planning*	*90,000*
Khoo Boo Eng	*Director of Business Development*	*40,000*
Valli Kumaran A/L Ramachandran	*Director of Finance*	*40,000*
Hafiz Bin Hashim	*Director of Test Systems Engineering*	*40,000*
	Total	***400,000***

(3) *The allocation to persons who have contributed to the success of our Group is based on, among others, the nature and terms of their business relationship with us, their length of business relationship with our Group and the level of their contribution and support to the success of our Group.*

(ii) Allocation via balloting to the Malaysian Public

17,909,000 Issue Shares, representing 5.00% of our enlarged issued Shares are reserved for application by the Malaysian Public via balloting, of which 8,954,500 Issue Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

(iii) Summary of IPO Shares to be allocated and underwriting

In summary, subject to clawback and reallocation provisions set out in Section 4.2.3 of this Prospectus, our IPO Shares will be allocated in the following manner:

	Offer for Sale		Public Issue		Total	
Category	**No. of Shares**	**% of our enlarged issued Shares**	**No. of Shares**	**% of our enlarged issued Shares**	**No. of Shares**	**% of our enlarged issued Shares**
Retail Offering:						
Eligible Persons:						
- Our Directors			1,000,000	0.28	1,000,000	0.28
- Eligible employees of our Group			1,000,000	0.28	1,000,000	0.28
- Persons who have contributed to the success of our Group			3,000,000	0.84	3,000,000	0.84
Malaysian Public (via balloting):						
- Bumiputera	-	-	8,954,500	2.50	8,954,500	2.50
- Non-Bumiputera	-	-	8,954,500	2.50	8,954,500	2.50
Sub-total			**22,909,000**	**6.40**	**22,909,000**	**6.40**
Institutional Offering:						
Bumiputera investors approved by the MITI	13,430,000	3.75	31,342,500	8.75	44,772,500	12.50
Malaysian and selected investors	13,430,000	3.75	22,758,500	6.35	36,188,500	10.10
Sub-total	**26,860,000**	**7.50**	**54,101,000**	**15.10**	**80,961,000**	**22.60**
Total	**26,860,000**	**7.50**	**77,010,000**	**21.50**	**103,870,000**	**29.00**

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.2.8 of this Prospectus.

4.2.3 Clawback and reallocation

The Institutional Offering and the Retail Offering will be subject to the following clawback and reallocation provisions:

(i) if the Issue Shares allocated to the Eligible Persons are under-subscribed, such IPO Shares may be allocated to the other Malaysian institutional and selected investors under the Institutional Offering or the Malaysian Public under the Retail Offering or a combination of both, at our absolute discretion;

(ii) if our IPO Shares allocated to Bumiputera investors approved by the MITI are under-subscribed ("**MITI Tranche**"), such IPO Shares may be allocated to other Malaysian institutional investors under the Institutional Offering

If after the above reallocation, the MITI Tranche is still under-subscribed under the Institutional Offering, and there is a corresponding over-subscription for Issue Shares by the Malaysian Public under the Retail Offering, our IPO Shares will be clawed back from the MITI Tranche and allocated firstly, to the Bumiputera public investors under the Retail Offering via balloting process as mentioned in Section 4.2.2(ii) of this Prospectus and thereafter to the other Malaysian Public under the Retail Offering;

(iii) subject to items (i) and (ii) above, if there is an over-subscription in the Retail Offering and there is a corresponding under-subscription in the Institutional Offering, our IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and

(iv) subject to item (i) above, if there is an over-subscription in the Institutional Offering and there is a corresponding under-subscription in the Retail Offering, the Issue Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

There will be no clawback and reallocation if there is an over-subscription or under-subscription in both the Institutional Offering and the Retail Offering or an under-subscription in either the Institutional Offering or the Retail Offering but no over-subscription in the other.

Any Issue Shares not taken up by any of the Eligible Persons ("**Excess Shares**") will be made available for application by the other Eligible Persons who have applied for excess on top of their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:

(a) firstly, allocation on a pro-rata basis to our Directors and eligible employees of our Group who have applied for the Excess Shares based on the number of Excess Shares applied for;

(b) secondly, allocation of any surplus Excess Shares after (a) above on a pro-rata basis to persons who have contributed to the success of our Group who have applied for the Excess Shares based on the number of Excess Shares applied for; and

(c) thirdly, to minimise odd lots.

Our Board reserves the right to allot Excess Shares applied for in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) to (c) above is achieved. Our Board also reserves the right to accept any Excess Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (a) to (c) above will not be repeated. Should there be any balance of Excess Shares thereafter, such balance will be made available for clawback and reallocation as described in item (i) above, with any remaining Issue Shares to be underwritten by the Sole Underwriter.

4.2.4 ESS

In conjunction with our Listing, we have established an ESS which entails the granting of ESOS Options and ESGP Shares to the eligible directors (including non-executive directors) and/or eligible employees of our Group who fulfils the conditions of eligibility as stipulated in the By-Laws ("**Eligible Individuals**"). However, we do not intend to grant any ESOS Option and/or ESGP Share in conjunction with our Listing.

The ESS shall be administered by the ESS committee (comprising such number of directors and/or such senior management employees as the ESS committee may in its sole discretion determine) to be appointed by our Board from time to time. The ESS committee, subject to the By-Laws administers the ESS and regulates the ESS committee's own proceedings in such manner as it shall think fit. Any decision and/or determination made by the ESS Committee under the By-Laws will, in the absence of any manifest of error, be final and binding.

The salient features of the ESS are as follows:

(i) Maximum number of new Shares available under the ESS

The total number of new Shares which may be made available under the ESS and/or allotted and issued and/or acquired and/or transferred upon granting of our ESOS Options and/or ESGP Shares ("**Awards**") shall not exceed in aggregate 10.0% of our total issued Shares (excluding treasury shares, if any) at any point of time during the duration of the ESS.

Upon our Listing, the maximum number of Awards available to the eligible directors and eligible employees of our Group is 35,818,000, representing 10.0% of our total number of issued Shares.

(ii) Maximum allowable allotment and basis of allocation

Subject to any adjustments which may be made under the By-Laws, the aggregate number of new Shares which may be offered and/or granted to the Eligible Individuals will be determined entirely at the discretion of the ESS Committee, provided that:

(a) any allotment under the ESS to any of our eligible directors and/or eligible employees of the Group, chief executive officer, major shareholders of our Company and/or persons connected to them after our Listing shall require the prior approval of the shareholders of our Company at a general meeting and he/she shall not vote on the resolution approving the allocation and allotment to them and persons connected to them;

(b) no allocation of more than 80.0% of the total Awards will be made in aggregate to the directors and/or key senior management of our Group;

(c) no allocation of more than 10.0% of the total Awards will be made to each of our directors; and

(d) no allocation of more than 10.0% of the total Awards will be made to an Eligible Individual to whom an Offer has been made under the ESS who, either singly or collectively through the persons connected with him/her, hold 20.0% or more of the number of issued Shares (excluding treasury shares, if any).

The ESS Committee will determine the Awards to be allocated to a Participant after taking into consideration various factors pertaining to the Participant such as position, ranking, performance, seniority, length of service, contribution and potential contribution to the continued success of our Group and any other factors deemed appropriate by the ESS Committee.

(iii) Duration of the ESS

The ESS shall be in force for a period of five (5) years commencing from the Effective Date (as defined in the By-Laws) and our Board will have the discretion upon recommendation of the ESS Committee to extend in writing the duration for another five years or such shorter period as it deems fit immediately from the expiry of the first five years, provided that the ESS does not exceed a maximum period of ten years in its entirety.

(iv) Eligibility

A director and/or employee of any company within our Group which is not dormant, shall be eligible for participation in the ESS if at the date an Offer is made in writing by the ESS Committee to him/her ("**Offer Date**"):

(a) he/she has attained the age of 18 years old;

(b) he/she is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(c) he/she is employed on a full-time basis and is on the payroll of any corporation (not being dormant) in our Group for a continuous period of at least 12 months (which include any probation period) and has not served a notice to resign or received a notice of termination;

(d) his/her employment has been confirmed in writing prior to the Offer Date and not under probationary period;

(e) he/she is serving in a specific designation under an employment contract for a fixed duration excluding those who are employed for a specific project or on short-term contract or any other employees under contract as may be determined by the ESS Committee;

(f) he/she is not participating or entitled to participate in any other employee share scheme or incentive scheme implemented by any other corporation which is in force for the time being provided that he/she may be eligible for consideration notwithstanding his participation or entitlement to participate if the ESS Committee so determines; and/or

(g) he/she fulfils any other criteria and/or falls within such category as may be set by the ESS Committee from time to time,

provided always that the selection of any Eligible Individuals for participation in the ESS shall be at the sole discretion of the ESS committee, and the decision of the ESS committee shall be final and binding.

A non-executive director must not sell, transfer or assign any Shares obtained pursuant to an Offer made to him within one year from the Offer Date, as per the Listing Requirements or any prevailing applicable guidelines.

(v) Pricing

The exercise price payable by the eligible directors and eligible employees of our Group upon the exercise of their ESS Options under ESOS shall be determined by the ESS committee and in any case, shall be based on the five (5)-day volume weighted average market price of Shares immediately preceding the Offer Date, with a discount, if any, provided always that such discount is no more than 10.0%, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the option period.

4.2.5 Share capital

Upon completion of our Listing, our share capital will be as follows:

	No. of Shares	RM
After the Pre-IPO Restructuring	281,170,000	84,351,001
To be issued under the Public Issue	77,010,000	(1)98,496,600
Total upon our Listing	**358,180,000**	**182,847,601**

Note:

(1) Calculated based on the Retail Price and after deducting the estimated listing expenses of approximately RM6,237,000 which is directly attributable to the Public Issue and allowed to be debited against the share capital of our Company.

4.2.6 Classes of shares and ranking

As at the date of this Prospectus, we have only one class of shares, being ordinary shares.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares including voting rights and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

The Offer Shares rank equally in all respects with our existing issued Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

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

At every general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or by other duly authorised representative. A proxy may but need not be a member of our Company. Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented.

4.2.7 Priority of the offering

In the event the demand for our IPO Shares is less than 103,870,000 IPO Shares, the Public Issue shall take precedence over the Offer for Sale. The demand for our IPO Shares shall be firstly satisfied with the Issue Shares under the Public Issue, and following that, any excess demand will be satisfied with the Offer Shares under the Offer for Sale.

4.2.8 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised under our IPO. However, in order to comply with the public shareholding spread requirements under the Listing Requirements, the minimum subscription level in terms of the number of IPO Shares will be the number of Shares required to be held by the public shareholders of our Company to comply with the minimum public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

Under the Listing Requirements, we are required to have minimum of 25.00% of our Shares held by at least 1,000 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. See Section 5.3.4 of this Prospectus for details in the event there is a delay in or termination of our Listing.

4. DETAILS OF OUR IPO *(Cont'd)*

4.3 SELLING SHAREHOLDER

The Offer Shares to be offered by the Selling Shareholder and its direct shareholding in our Company before and after our IPO and its material relationship with our Group within the past three (3) years are as follows:

Name	Material relationship with our Group	After the Pre-IPO Restructuring		Offer for Sale		After our IPO	
		No. of Shares	[(2)]%	No. of Shares	[(3)]%	No. of Shares	[(3)]%
MSH[(1)]	Promoter and substantial shareholder	281,170,000	100.00	26,860,000	7.50	254,310,000	[(3)]71.00

***Notes**:*

(1) LCY and LHC who are also the Promoters, our Directors and key senior management are directors and substantial shareholders of MSH.

(2) Based on our enlarged issued Shares after the Pre-IPO Restructuring of 281,170,000 ATech Shares.

(3) Based on our enlarged issued Shares upon our Listing of 358,180,000 ATech Shares.

(4) MSH had provided a charge over its entire shareholding in BCM Electronics in favour of Maybank for the term loan facility it had obtained from Maybank which has since been discharged to facilitate the completion of the Pre-IPO Restructuring. In turn, a new charge over 254,310,000 Shares, being the remaining Shares held by MSH after excluding the Offer Shares, has been provided by MSH to Maybank prior to the registration of this Prospectus with the SC. The new charge will be uplifted upon settlement of the term loan facility by MSH using the proceeds from the Offer for Sale on the date of our Listing.

4.4 DISTRIBUTION

Upon expiry of the moratorium period, being six (6) months after the date of our Listing, MSH intends to undertake a distribution in-specie of such number of Shares to its shareholders.

The Distribution will involve a selective capital reduction and cancellation of 3,447,167 MSH Shares, representing 68.94% of the total issued MSH Shares and will be settled via the distribution in-specie of 175,329,800 Shares ("**Distribution Shares**"), representing 48.95% of our total number of issued Shares upon completion of our Listing held by MSH to its shareholders in accordance with Sections 116 and 117 of the Act. The balance 78,980,200 Shares, representing 22.05% of our total number of issued Shares upon our Listing, will continue to be held by MSH to enable MSH to continue to operate as an investment holding company.

The Distribution Shares will be distributed to the shareholders of MSH in the following manner:

(i) 114,439,200 Shares, representing 31.95% of our total number of issued Shares upon our Listing, to MSL, Pixel Advisers and Titanium in proportion to their effective equity interest in our Company, as follows:

Shareholder	No. of our Shares to be received	% of our total number of issued Shares upon our Listing
MSL	76,292,400	21.30
Pixel Advisers	25,431,100	7.10
Titanium	12,715,700	3.55
Total	**114,439,200**	**31.95**

Upon completion of the Distribution, MSL, Pixel Advisers and Titanium will cease to be shareholders of MSH; and

(ii) the remaining 60,890,600 Shares, representing 17.00% of our total number of issued Shares upon completion of our Listing, to LCY and LHC on equal basis, as follows:

Shareholder	No. of our Shares to be received	% of our total number of issued Shares upon our Listing
LCY	30,445,300	8.50
LHC	30,445,300	8.50
Total	**60,890,600**	**17.00**

Upon completion of the Distribution, LCY and LHC will remain as shareholders of MSH, holding 776,417 MSH Shares each, representing 50.00% of the total number of issued MSH Shares.

The following table sets out direct and indirect shareholding of the Promoters and our substantial shareholders before and after the Distribution:

	Upon our Listing but before the Distribution				After the Distribution			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
	'000		'000		'000		'000	
Promoters and substantial shareholders								
MSH	254,310	71.00	-	-	78,980	22.05	-	-
LCY	(2)100	0.03	(3)254,310	71.00	30,545	8.53	78,980	(3)22.05
LHC	(2)100	0.03	(3)254,310	71.00	30,545	8.53	78,980	(3)22.05
Substantial shareholders								
MSL	-	-	(3)254,310	71.00	76,292	21.3	78,980	(3)22.05
Pixel Advisers	-	-	-	-	25,431	7.10	-	-
TCH	-	-	-	-	-	-	(4)25,431	7.10

Notes:

(1) Based on our enlarged issued Shares upon our Listing of 358,180,000 ATech Shares.

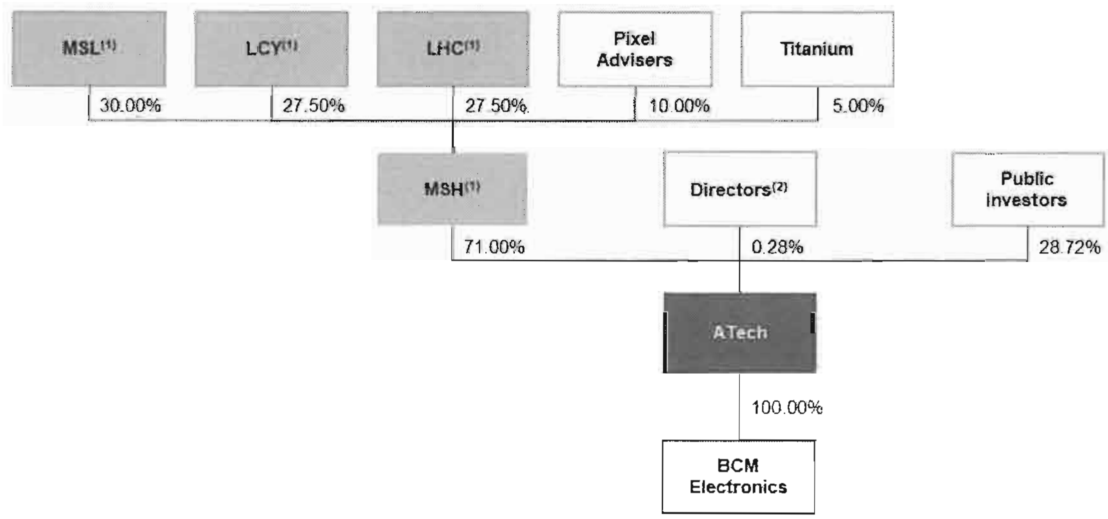
(2) Assuming full subscription of the Issue Shares allocated to both Directors under the allocation for the Eligible Persons under the Retail Offering.

(3) Deemed interested by virtue of his/its interest in our Company via MSH pursuant to Section 8(4) of the Act.

(4) Deemed interested by virtue of his interest in our Company via Pixel Advisers pursuant to Section 8(4) of the Act.

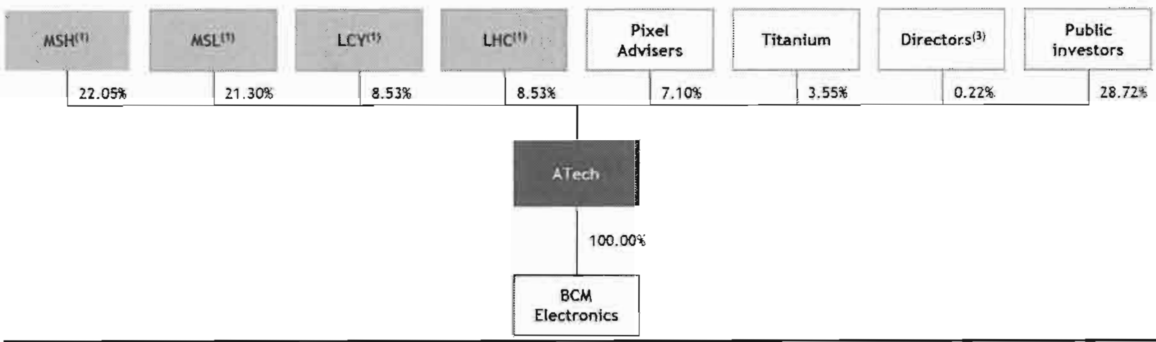
The corporate and shareholding structure of our Group before and after the Distribution are as follows:

Upon our Listing but before the Distribution



4. DETAILS OF OUR IPO *(Cont'd)*

After the Distribution



Notes:

(1) *Assuming full subscription of the Issue Shares allocated to our Directors under the allocation for the Eligible Persons under the Retail Offering.*

(2) *Excluding LCY and LHC.*

4.5 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES AND REFUND MECHANISM

4.5.1 Retail Price

The Retail Price was determined and agreed upon by our Directors and the Selling Shareholder in consultation with the Sole Bookrunner, after taking into consideration the following factors:

(i) PE multiple of approximately 32.4 times based on our Group's net EPS of 4.2 sen after taking into account our Group's PAT of RM15,095,511 for the FYE 31 January 2021 and our enlarged issued Shares upon our Listing of 358,180,000 ATech Shares;

(ii) our Group's expected continued growth with the increase in our annual production capacity for semiconductor component manufacturing from 2,568 million placement points as at the LPD to 4,494 million placement points by end of year 2023, the details of which are set out in Section 7.4.1 of this Prospectus;

(iii) our competitive strengths, as follows:

(a) we provide a one-stop manufacturing solution for industrial electronic products;

(b) we have an established track record of 28 years and have evolved our skills and facilities to meet the needs of the electronics industry;

(c) we have the expertise, facility and trained technical personnel certified to carry out high melting point and gold soldering;

(d) our geographical coverage across 10 foreign markets provides us with the platform to continue to address export market opportunities;

(e) we have quality programmes and certifications including ATEX certification to substantiate our commitment to product and service quality;

(f) we have MES and abilities to develop customised test programmes, which enable us to provide value added services to our customers; and

(g) we have experienced management and technical team to lead, manage and grow our business and a succession plan in place;

(iv) our future plans and strategies, as follows:

(a) expansion into semiconductor component manufacturing services for multicomponent IC in the form of IoT module for wireless machine-to-machine communications which is currently supported by our three (3) dedicated production lines which comprise three (3) SMT lines, three (3) AGVs, and two (2) sets of automated backend inline testing and packing. As part of our strategies, we envisage having a total of seven (7) production lines by end of 2023 to expand our facilities to cater for expected business growth from our existing customer.

(b) expansion of our production facilities which will involve the construction of a new manufacturing plant with a proposed footprint of 61,909 sq. ft. which will increase our manufacturing floor space by approximately 69% to 132,821 sq. ft. upon its expected commencement of production by end 2021. Together with the new manufacturing plant and expansion of production lines, our manufacturing plants will house a total of 15 SMT lines by end 2023 and our annual capacity will increase to 5,870 million placement points by end 2023;

(c) upgrade of our manufacturing facilities towards Industry 4.0, as follows:

- automation of material handling, testing and packing in our production lines through the deployment of frontend SMT and backend testing and packing, and using AGV for automated material handling; and

- development and implementation of customised software and systems for factory automation to create a network to link the manufacturing facilities including smart warehousing system and production operations, and

(d) development and introduction of new product, namely the lithium-ion battery pack system for use in light vehicles;

(v) projected global growth of the semiconductor and electronics market in the near term which will drive demand for electronic manufacturing that will provide market opportunities for EMS providers in Malaysia, including our Group as described in Section 8 of this Prospectus; and

(vi) prevailing market conditions which include, among others, the market performance of key regional indices and companies involved in business similar to ours listed on Bursa Securities, current market trends and investors' sentiments.

The Final Retail Price will be determined after the Institutional Price is determined on the Price Determination Date and will be the lower of:

(a) the Retail Price; or

(b) the Institutional Price.

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. Further details of the refund mechanism are set out in Section 4.5.3 of this Prospectus.

Prospective retail investors should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price.

The Final Retail Price and the Institutional Price are expected to be announced within two (2) Market Days from the Price Determination Date via Bursa Securities' Listing Information Network. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for our IPO Shares.

4.5.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of our IPO Shares they would be prepared to acquire and the price they would be prepared to pay for our IPO Shares in respect of the Institutional Offering. This bookbuilding process commences from 29 November 2021 to 3 December 2021. Upon completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholder in consultation with the Sole Bookrunner on the Price Determination Date.

4.5.3 Refund mechanism

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. The refund will be made:

(i) in the form of cheques which will be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form; or

(ii) by crediting into the accounts of the successful applicants with the Participating Financial Institutions for applications made via the Electronic Share Application; or

(iii) by crediting into the accounts of the successful applicants with the Internet Participating Financial Institution for applications made via the Internet Share Application,

within 10 Market Days from the date of final ballot of applications, at the successful applicants' own risk. See Section 15.9 of this Prospectus for further details of the refund mechanism.

4.5.4 Expected market capitalisation

Based on the Retail Price, the total market capitalisation of our Company upon our Listing would be approximately RM487.12 million.

You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to consider the risk factors as set out in Section 5 of this Prospectus before deciding to invest in our Shares.

4.6 DILUTION

4.6.1 NA per Share

Dilution is the amount by which the price paid by retail, institutional and selected investors for our Shares exceeds our pro forma combined NA per Share after our IPO.

The following table illustrates the dilution effect on our pro forma combined NA on a per Share basis assuming the Retail Price is equal to the Final Retail Price and the Institutional Price:

	RM
Final Retail Price / Institutional Price	1.36
Pro forma combined NA per Share as at 31 August 2021 after adjusting for the Pre-IPO Restructuring and pre-IPO dividend	0.34
Pro forma combined NA per Share as at 31 August 2021, after adjusting for the Pre-IPO Restructuring, pre-IPO dividend, the Public Issue and the use of the proceeds from the Public Issue	0.54
Increase in pro forma combined NA per Share to our existing shareholders	0.20
Dilution in the pro forma combined NA per Share to retail/institutional and selected investors	0.82
Dilution in the pro forma combined NA per Share to retail or institutional and selected investors as a percentage of the Retail Price/Institutional Price	60.29%

Save for the issuance of our Shares at an issue price of RM0.30 per Share to MSH as settlement of the consideration for the Pre-IPO Restructuring, none of our substantial shareholders, Directors, key senior management or persons connected to them had acquired, obtained the rights to acquire and/or subscribe for our Shares in the past three (3) years up to the LPD.

4.6.2 Effective cost per Share

Our substantial shareholders, Directors, key senior management or persons connected to them had acquired, obtained the right to acquire and/or subscribe for MSH Shares in the past three (3) years up to the LPD and their respective effective cost per Share following the Distribution are set out below:

	Date of investment	No. of MSH Shares	(A) Total consideration for MSH Shares	(B) No. of our Shares to be held after the Distribution	(C) = (A)/(B) Effective cost per Share
			RM		RM
Substantial shareholders of MSH					
Pixel Advisers	(1)19 February 2021	500,000	*4,893,000	25,431,100	0.19
MSL	(2)8 October 2019	200,000	*3,024,000	76,292,400	0.04
Founding MBO Members					
Titanium	(3)19 February 2021	250,000	260,000	12,715,700	0.02

Notes:

* *Conversion based on the reference rate of RM4.20/USD, based on the middle rate prevailing at 12.00 p.m. on 1 October 2019 published by Bank Negara Malaysia of RM4.1920/USD.*

(1) *Acquired from LCY and LHC for USD1,165,000 pursuant to the exercise of an option under an exchangeable debt facility issued by MSL to TCH. Pixel Advisers is wholly-owned by TCH. Pixel Advisers will become our substantial shareholder after the Distribution.*

(2) *Acquired from SEAFC (on behalf of JSEAF Fund) for USD720,000.*

(3) *Acquired from LCY and LHC. Titanium is owned by the Founding MBO Members.*

Upon expiry of the moratorium period, being six (6) months after the date of our Listing, MSH intends to undertake the Distribution which will result in the above parties to directly hold our Shares. See Sections 4.4 and 9.1.2(i) of this Prospectus for further details on the Distribution and background information on MSH, respectively.

4.7 USE OF PROCEEDS

We expect to use the gross proceeds from the Public Issue amounting of up to RM104.73 million[(1)] in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
Purchase of new machinery and equipment	Within 24 months	40,000	38.2
Repayment of borrowings	Within 6 months	29,520	28.2
Working capital	Within 36 months	28,129	26.9
Estimated expenses for our IPO and our Listing	Within 6 months	7,085	6.7
Total		**104,734**	**100.0**

Note:

(1) *We have assumed that the Institutional Price and Final Retail Price will be equal to the Retail Price.*

Further details on the use of proceeds from the Public Issue are as follows:

4.7.1 Purchase of new machinery and equipment

We intend to use RM40.00 million of the proceeds raised from the Public Issue to purchase new machinery and equipment as part of our on-going and future expansion plans for semiconductor component manufacturing for Customer F as set out below:

	No. of unit	Total estimated cost
		RM'000
Machinery and equipment for semiconductor component manufacturing		
- SMT lines	3	27,900
- AGVs	3	2,100
- Automated backend inline testing and packing	1	*700
Machinery and equipment for industrial electronic manufacturing		
- SMT line	1	9,300
Total		**40,000**

Note:

* *The total cost for one set of automated backend inline testing and packing machinery and equipment for the manufacturing of semiconductor component is estimated at RM4.0 million. The remaining cost of RM3.3 million will be funded via internally generated funds and/or bank borrowings.*

(i) Machinery and equipment for semiconductor manufacturing

We are in the midst of expanding our production facilities to meet future growth and demand, and support our future business. The expansion of our production facilities involves the construction of a new manufacturing plant consisting of a single storey building with a proposed built-up area of 61,909 sq. ft. which will increase our manufacturing floor space for EMS operations by approximately 69% to 132,821 sq. ft. in total. As at the LPD, we have commenced the construction of a new manufacturing plant and is expected to be completed by end of 2021 with planned commencement of operation by first half of 2022. Pursuant to the Phase 1 of the NRP, the construction was temporarily suspended between 1 June 2021 until 11 August 2021 upon the receipt of approval from the MITI to recommence the construction. Notwithstanding, the expected completion date remains by end December 2021. However, in the event of any re-imposition of the FMCO condition, this may have an impact on the timing to complete the construction of the new manufacturing plant.

Our Group has commenced semiconductor component manufacturing of multicomponent IC for a customer for the FYE 31 January 2021 following the successfully completion of the pre-pilot production phase in late 2019. Thereupon, we have completed and shipped a total of 3.0 million multicomponent IC to our customer up to the FPE 31 August 2021.

The new manufacturing plant will enable us to further develop our core competencies and facilitate our expansion in semiconductor component manufacturing to cater to a wider range of services covering industrial semiconductor components and electronic devices.

As at the LPD, our semiconductor component manufacturing for Customer F is supported by four (4) dedicated production lines which comprise four (4) SMT lines, four (4) AGVs, and automated backend inline testing and packing. We envisage our annual capacity for semiconductor component manufacturing for Customer F to increase progressively from approximately 2,568 million placement points as at the LPD to approximately 4,494 million placement points by end of year 2023. We intend to install a total of four (4) new production lines dedicated to semiconductor component manufacturing for Customer F as set out below:

Year	No. of new production line to be installed	Expected annual capacity	Total no. of production lines	Cumulative total annual capacity
		million placement points		million placement points
As at the LPD	-	-	4	2,568
2022	2	1,284	6	3,852
2023	1	642	7	4,494

Details of our future plans and strategies are set out in Section 7.4 of this Prospectus.

(ii) SMT lines for semiconductor manufacturing

The three (3) new SMT lines will consist of the following machinery and equipment:

Type of machinery and equipment	Estimated cost
	RM'000
Pick and place machines	14,200
Inspection machines including automated optical inspection (AOI), x-ray and post inspection machines	5,100
Reflow ovens	1,500
Screen printer and other printing machines	1,400
Router machines	1,200
Solder paste inspection machines	1,000
Laser marking machines	800
Metal shielding placer	700
Others [(1)]	2,000
Total	**27,900**

Note:

(1) Includes glue dispenser machine, conveyor systems and ancillary equipment.

(iii) AGVs

The AGV, a self-navigation vehicle, will enable us to automate our material handling involving the loading and unloading processes of material in our SMT lines which will among others, facilitate the handling of electrostatic sensitive components, eliminate human error as we are able to reduce the use of manual labour, and improve the timeliness, efficiency and safety of transporting materials in the production area. Details of the automated material handling system are set out in Section 7.4.2(b) of this Prospectus.

(iv) Automated backend inline testing and packing

Every semiconductor component production line comprises of one (1) set of two (2) automated backend inline testing and packing for each of the SMT line. The automated backend inline testing consists of multiple stations that use robotic arms to perform various final product testing. Once the products are fully tested, they are passed over to the inline packing station and will be automatically packed ready for storage and delivery. As part of our future expansion plans for the three (3) new production lines, we will invest in one (1) set of automated backend inline testing and packing machinery and equipment whilst the other two (2) sets will be provided by Customer F. The total cost of one (1) set of automated backend inline testing and packing machinery and equipment is estimated at RM4.0 million, of which RM0.7 million will be funded via the proceeds from the Public Issue and RM3.3 million will be funded via internally generated funds and/or bank borrowings.

(v) Machinery and equipment for industrial electronic manufacturing

As part of our strategies, we intend to further expand our EMS for industrial electronics where we plan to invest in one (1) new SMT line by January 2023. The estimated capacity of the new SMT line is 642 million placement points. We envisage our total annual capacity for industrial electronic manufacturing to increase from 1,002 million placement points as at the LPD to 1,644 million placement points by 2023 as set out below:

Year	No. of new production line to be installed	Expected annual capacity	Total no. of production lines	Cumulative total annual capacity
		million placement points		million placement points
As at the LPD	-	-	7	1,002
2023	1	642	8	1,644

The new SMT line will consist of the following machinery and equipment:

Type of machinery and equipment	Estimated cost
	RM'000
Pick and place machines	4,733
Inspection machines including automated optical inspection (AOI), x-ray and post inspection machines	1,700
Reflow ovens	500
Screen printer and other printing machines	467
Router machines	400
Solder paste inspection machines	333
Laser marking machines	267
Metal shielding placer	233
Others(1)	667
Total	**9,300**

Note:

(1) Includes glue dispenser machine, conveyor systems and ancillary equipment.

The total cost for the purchase of one (1) SMT line is estimated at RM9.3 million, which will be funded via the proceeds from the Public Issue.

The total estimated cost of machinery and equipment includes the purchase cost of the machinery and equipment and any other costs incurred to bring the machinery and equipment to the location and condition needed for it to operate in the manner we intended including, among others, delivery cost, site preparation, installation and assembly, testing and professional fees. Any excess funds from the amount allocated for this purpose will be used to meet the working capital requirements of our Group. However, in the event the allocated amount is insufficient for the purchase of new machinery and equipment, such shortfall will be funded by internally generated funds and/or bank borrowings.

4.7.2 Repayment of borrowings

As at the LPD, our Group's total borrowings is approximately RM131.82 million, all of which are interest bearing, as set out below:

Type of borrowing (in order of repayment priority)	RM'000
Term loans[(1)]	26,921
Finance lease liabilities[(2)]	6,288
Revolving credit[(3)]	10,000
Bankers' acceptance and OFCL[(3)]	88,611
Total	**131,820**

Notes:

(1) *Mainly used as source of fund for the payment of dividend in the FYE 31 January 2020 and the purchase of machinery and equipment amounting to RM33.0 million and RM7.1 million, respectively. The term loan amounting to RM33.0 million for the payment of dividend was granted by Maybank ("**Maybank Term Loan**") whereas the term loan for the purchase of machinery and equipment of RM7.1 million was granted by another licensed financial institution in Malaysia ("**M&E Term Loan**"). For the avoidance of doubt, the aforementioned payment of dividend was paid out of BCM Electronics' retained earnings in accordance with Section 131(1) of the Act.*

We have commenced the repayment of the Maybank Term Loan and the M&E Term Loan in accordance with their respective repayment terms since April 2021 and December 2020, respectively. As at the LPD, the outstanding amount for the Maybank Term Loan and the M&E Term Loan are RM21.0 million and RM5.9 million, respectively.

(2) *Mainly used for the purchase of motor vehicles and machinery and equipment. The finance lease liabilities amounting to RM12.0 million was granted by Maybank.*

(3) *Mainly used for working capital purposes. The revolving credit with a limit of RM10.0 million was granted by Maybank, while the bankers' acceptance and OFCL with limit of RM65.0 million and RM30.0 million were granted by Maybank and Maybank Islamic respectively.*

The maturity profile and average effective interest rates of our borrowings as at the LPD are set out below:

	OFCL	Bankers' acceptance	Term loan	Finance lease liabilities	Revolving credit	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Within 1 year	68,445	20,166	22,339	1,671	10,000	**122,621**
More than 1 year and less than 2 years	-	-	1,412	1,658	-	**3,070**
More than 2 year and less than 5 years	-	-	3,170	2,959	-	**6,129**
Total	**68,445**	**20,166**	**26,921**	**6,288**	**10,000**	**131,820**
Average effective interest rates (%)	1.20 to 2.70		4.67 to 5.00	1.88 to 3.05	3.16	

We intend to use RM29.5 million of the proceeds raised from the Public Issue together with internally generated funds to repay the total outstanding amount of the Maybank Term Loan, the M&E Term Loan and the finance lease liabilities upon our Listing. Accordingly, there will not be any outstanding amount due for the Maybank Term Loan, the M&E Term Loan and the finance lease liabilities following the full repayment of such borrowings.

The full repayment of such borrowings is expected to have a positive financial impact on our Group with interest saving of approximately RM1.38 million per annum based on the effective rate of approximately 4.67%. See Section 12.2.12(iii) of this Prospectus for further details on our borrowings.

4.7.3 Working capital

We plan to use approximately RM28.13 million of the proceeds from the Public Issue to finance our Group's day-to-day operational requirements to support our existing business operation as well as the expected growth in our scale of operation in tandem with our expansion into the semiconductor component manufacturing services for multicomponent IC for IoT applications. Details of our operational expenses are as follows:

Details of operational expenses	RM'000
Purchase of raw materials for our EMS operations	25,129
Operating expenses[(1)]	3,000
Total	**28,129**

Note:

(1) Comprises utilities expenses which are water and electricity costs.

4.7.4 Estimated expenses for our IPO and our Listing

The estimated expenses and fees for our IPO and our Listing to be borne by us amounting to approximately RM7.1 million are as follows:

Details of expenses	RM'000
Professional fees	3,131
Underwriting commission, brokerage and placement fees	3,106
Other fees and expenses such as printing and advertising in connection with our IPO and our Listing	848
Total	**7,085**

In the event of a surplus/deficit in the allocated amount for the estimated expenses for our IPO and our Listing, such variance will be adjusted to/from the proceeds allocated for working capital.

Our Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to approximately RM36.53 million will accrue entirely to the Selling Shareholder. The Selling Shareholder will bear its own expenses including, but not limited to, the placement fee in relation to the Offer for Sale which is estimated to be approximately RM1.0 million.

Pending the use of the proceeds from the Public Issue for the above intended purposes, we intend to place the proceeds from the Public Issue or the balance thereof (including accrued profit, if any) in profit-bearing accounts with licensed financial institutions in Malaysia and/or in money-market deposit instruments/funds.

4.8 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

4.8.1 Underwriting commission

As stipulated in the Retail Underwriting Agreement, the Sole Underwriter has agreed to underwrite the Issue Shares under the Retail Offering, for an underwriting commission of 2.5% (exclusive of applicable tax) of the Retail Price multiplied by the total number of Issue Shares underwritten under the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

4.8.2 Brokerage fee

We will pay the brokerage fee in respect of the Issue Shares under the Retail Offering, at the rate of 1.0% (exclusive of applicable tax) of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Sole Bookrunner is entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholder.

4.8.3 Placement fee

The Selling Shareholder for the Offer Shares and us for the Issue Shares will pay the Sole Bookrunner a placement fee and selling commission of up to 2.5% (exclusive of applicable tax) of the Institutional Price multiplied by the number of IPO Shares sold to Malaysian institutional and selected investors in accordance with the terms of the Placement Agreement.

4.9 DETAILS OF UNDERWRITING AND PLACEMENT

4.9.1 Underwriting

We have entered into the Retail Underwriting Agreement with the Sole Underwriter to underwrite 22,909,000 Issue Shares under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out in Section 4.8.1 of this Prospectus, while the salient terms of the Retail Underwriting Agreement are as follows:

Unless waived by the Sole Underwriter, who has agreed to underwrite 22,909,000 of the Issue Shares under the Retail Offering, the underwriting obligations of the Sole Underwriter are subject to certain conditions precedent which must be fulfilled or waived on or before the closing date of the Retail Offering as stated in this Prospectus or such later date as may be agreed in writing by the Sole Underwriter.

The Sole Underwriter may by notice to our Company given at any time before the date of Listing, terminate, cancel and withdraw their respective underwriting commitment if:

(a) there is any breach by our Company of any of the obligations contained in the Retail Underwriting Agreement or there is an occurrence of any event or discovery of any fact or circumstances rendering any of the warranties or undertakings set out in the Retail Underwriting Agreement untrue, inaccurate, incorrect, misleading or breached or ceases to be true, accurate and correct or becomes misleading, in any respect;

(b) our Company withholds any material information from the Sole Underwriter, which, in the opinion of the Sole Underwriter, would have or could be expected to have a material adverse effect (including any prospective material adverse effect) or material adverse change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business, on any of the following: (a) the condition (financial, business, operations or otherwise), contractual commitments, management, general affairs, business, assets, liquidity, liabilities, prospects, earnings, shareholders equity, properties, or results of operations of our Company or our Group taken as a whole; (b) the ability of our Company and/or the Selling Shareholder to perform in any respect the obligations under or with respect to, or to consummate the transactions contemplated by this Prospectus, the Placement Agreement or the Retail Underwriting Agreement; (c) the ability of our Company or BCM Electronics to conduct its businesses and to own or lease its assets and properties as described in this Prospectus; or (d) our IPO including but not limited to the success of our IPO or the distribution or the sale of our IPO Shares pursuant to our IPO ("**Material Adverse Effect**");

(c) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Sole Underwriter by reason of force majeure which, in the opinion of the Sole Underwriter, would have or can be expected to have, a Material Adverse Effect or which would have or is likely to have the effect of making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;

(d) there shall have occurred any government requisition or other events whatsoever which, in the opinion of the Sole Underwriter, would have or is likely to have a Material Adverse Effect;

(e) there shall have occurred any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Sole Underwriter would have or is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

   (i) on or after the date of the Retail Underwriting Agreement; and

   (ii) prior to the closing date of the Retail Offering,

   lower than 90% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

(f) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading in securities is imposed for three (3) consecutive Market Days or more;

(g) there shall have announced or carried into force any new law or change in law in any jurisdiction, interpretation or application by any court or the relevant authorities, including but not limited to the SC, Bursa Securities, CCM and MITI, which in the opinion of the Sole Underwriter may (i) have a Material Adverse Effect or (ii) prejudice the success of our IPO or our Listing or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or transfer our IPO Shares or making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;

(h) the Institutional Offering and/or the Retail Offering is stopped or delayed by the Company or any relevant authorities, including but not limited to the SC, Bursa Securities, CCM and MITI, for any reason whatsoever (unless such delay has been approved by the Sole Underwriter);

(i) the closing date of the Retail Offering does not occur by 16 December 2021 or such other extended date as may be agreed in writing by the Sole Underwriter;

(j) our Listing does not take place by 30 December 2021 or such other extended date as may be agreed in writing by the Sole Underwriter;

(k) any commencement of legal proceedings or action against any member of our Group or any of our directors, which in the opinion of the Sole Underwriter, would have or is likely to have a Material Adverse Effect or make it impracticable to market our IPO or to enforce contracts to allot and/or transfer our IPO Shares;

(l) any one of the Retail Underwriting Agreement, the Placement Agreement and each of the lock-up letters issued or to be issued by the Company, LCY, LHC, MSL and the Selling Shareholder in favour of the Sole Bookrunner (i) having been terminated or rescinded in accordance with its terms; (ii) ceased to have any effect whatsoever, or (iii) varied or supplemented upon terms and such variation or supplementation which, in the opinion of the Sole Underwriter, would have or likely to have a Material Adverse Effect;

(m) any of the resolutions or approvals referred to in the Retail Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that, in the opinion of the Sole Underwriter, would have or is likely to have a Material Adverse Effect;

(n) in the event our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to the Sole Underwriter;

(o) if the SC or any other relevant authorities, including but not limited to Bursa Securities, CCM and MITI, issues an order pursuant to Malaysian law such as to make it impracticable to market our IPO or the enforce contracts to allot and/or transfer our IPO Shares;

(p) any statements contained in this Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect or matters have arisen or have been discovered which would, if this Prospectus were to be issued at that time, constitute a material omission therefrom;

(q) any change or development or an announcement of change or development in Malaysian taxation laws, regulations and/or guidelines which, in the opinion of the Sole Underwriter, would have or likely to have a Material Adverse Effect;

(r) in the event a banking moratorium has been declared by the relevant authorities in Malaysia, including but not limited to the SC, Bursa Securities, CCM and MITI, or a disruption of commercial banking activities or securities settlement or clearance services has occurred in Malaysia; or

(s) any other event in which a Material Adverse Effect has occurred or which in the opinion of the Sole Underwriter is likely to occur.

4.9.2 Placement

We, LCY, LHC and the Selling Shareholder expect to enter into the Placement Agreement with the Sole Bookrunner for the placement of up to 80,961,000 IPO Shares under the Institutional Offering, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus. We, LCY, LHC and the Selling Shareholder will be requested to give various representations, warranties and undertakings, and to indemnify the Sole Bookrunner against certain liabilities in connection with our IPO. The terms of the Placement Agreement are subject to negotiations and may include termination events that are different from those under the Retail Underwriting Agreement as set out in Section 4.9.1 of this Prospectus.

4.9.3 Lock-up arrangements

(i) We have agreed that, subject to offerings under our IPO, we shall not without the prior written consent of the Sole Bookrunner, to the extent applicable to us, for a period from the date of the lock-up letter until the date falling six months from the date of our Listing, directly or indirectly:

(a) issue, allot, offer, sell, contract to sell, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, create any encumbrance, transfer, or dispose, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, our Shares) regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;

(b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, our Shares) regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;

(c) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, our Shares) in any depository receipt facilities;

(d) agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (c) above; or

(e) take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of our Shares.

(ii) The Selling Shareholder has agreed that, subject to offerings under our IPO, it shall not without the prior written consent of the Sole Bookrunner, for a period from the date of the lock-up letter until the date falling six months from the date of our Listing, directly or indirectly:

(a) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, our Shares) (i) held by it as at the date of the lock-up letter, (ii) acquired by it after the date of the lock-up letter and until and including the date of our Listing, other than (iii) our Shares being offered and sold by the Selling Shareholder in connection with our IPO and our Shares which are the subject of ESOS Options and/or ESGP Shares as referred to below (our Shares referred to in (i) and (ii), excluding (iii), shall be referred to as the "**Relevant Shares**"), regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;

(b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, our Shares), regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;

(c) deposit any of the Relevant Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, our Shares) in any depository receipt facilities;

(d) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of the Relevant Shares;

(e) agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (d) above; or

(f) take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of our Shares.

The restrictions in Sections 4.9.3(i) and (ii) above do not apply to (1) the grant of ESOS Options and/or ESGP Shares after the date of our Listing, and, upon their exercise, our Shares offered, issued and/or allotted to our eligible directors and eligible employees of our Group, in accordance with the ESS; and (2) our Shares that are issued or sold pursuant to our IPO.

The restrictions in Sections 4.9.3(ii) above do not apply to a charge of up to 254,310,000 Shares in favour of Maybank as security in relation to the Selling Shareholder's borrowing with Maybank.

(iii) LCY and LHC have agreed that, subject to offerings under our IPO, they shall not without the prior written consent of the Sole Bookrunner, for a period from the date of the lock-up letter until the date falling six months from the date of our Listing, directly or indirectly:

(a) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any MSH Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for MSH Shares or are substantially similar to, the MSH Shares) (i) held by LCY or LHC as at the date of the lock-up letter and (ii) acquired by LCY or LHC after the date of the lock-up letter and until and including the date of our Listing, regardless of whether any such transaction is to be settled by the delivery of MSH Shares or such other securities, in cash or otherwise;

(b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the MSH Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the MSH Shares), regardless of whether any such transaction is to be settled by the delivery of MSH Shares or such other securities, in cash or otherwise;

(c) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by LCY or LHC which is directly, or through another company or other entity indirectly, the beneficial owner of the MSH Shares;

(d) agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (c) above;

(e) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, the Shares) acquired by LCY or LHC upon the date of our Listing, regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;

(f) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Shares), regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;

(g) deposit any of the Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Shares) in any depository receipt facilities;

(h) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of the Shares;

(i) agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (e) to (h) above; or

(j) take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of the Shares.

(iv) MSL has agreed that, subject to offerings under our IPO, it shall not without the prior written consent of the Sole Bookrunner, for a period from the date of the lock-up letter until the date falling six months from the date of our Listing, directly or indirectly:

(a) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any MSH Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for MSH Shares or are substantially similar to, the MSH Shares) (i) held by it as at the date of the lock-up letter and (ii) acquired by it after the date of the lock-up letter and until and including the date of our Listing, regardless of whether any such transaction is to be settled by the delivery of MSH Shares or such other securities, in cash or otherwise;

(b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the MSH Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the MSH Shares), regardless of whether any such transaction is to be settled by the delivery of MSH Shares or such other securities, in cash or otherwise;

(c) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of the MSH Shares;

(d) agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (c) above; or

(e) take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of the Shares.

4.10 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective securities accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate company restructuring process;

(iv) where a body corporate is removed from the Official List;

(v) to facilitate a rectification of any error; and

(vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities approximately 10 Market Days after the close of the Institutional Offering. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

AN INVESTMENT IN OUR SHARES INVOLVES A NUMBER OF RISKS, MANY OF WHICH ARE BEYOND OUR CONTROL. YOU SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THIS PROSPECTUS, INCLUDING THE RISKS DESCRIBED BELOW, BEFORE DECIDING TO INVEST IN OUR SHARES. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS, AND YOUR INVESTMENT IN OUR COMPANY COULD BE MATERIALLY AND ADVERSELY AFFECTED BY ANY OF THESE RISKS.

5.1 RISKS RELATING TO OUR BUSINESS

5.1.1 We are dependent on purchase orders from and agreements with our major customers for revenue and on the agreement with Customer F for our ongoing and future expansion plans

Our sales are based on purchase orders secured from our major customers from time to time. We are dependent on purchase orders from and agreements with our major customers, namely Customer A, Customer B, Customer C, Customer D and Customer E which accounted for a significant portion of our revenue for the FYE Under Review and FPE 31 August 2021. Their respective revenue contributions are summarised below:

	Length of relationship	FYE 31 January						FPE 31 August 2021	
		2019		2020		2021			
	years	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Customer A[(1)]	5	101,017	28.2	114,906	29.5	129,928	35.9	59,632	29.8
Customer B[(2)]	23	79,192	22.1	83,025	21.3	87,464	24.1	40,312	20.2
Customer C[(3)]	14	77,686	21.7	62,133	16.0	63,355	17.5	47,657	23.8
Customer D[(4)]	12	47,595	13.3	76,770	19.7	24,972	6.9	19,622	9.8
Customer E[(5)]	24	15,131	4.2	18,544	4.8	23,548	6.5	9,763	4.9
Total sales		**320,621**	**89.5**	**355,378**	**91.3**	**329,267**	**90.9**	**176,986**	**88.5**
Our revenue		**358,171**		**389,305**		**362,165**		**200,038**	

Notes:

(1) Customer A operates in the EMS industry in Malaysia and is principally involved in the assembly and manufacturing of computers, computer peripherals, electronic sub-assembly, medical, telecommunications, multimedia, consumer and renewable energy products. Customer A is a Malaysian subsidiary of a public listed company incorporated in the USA and listed on the Nasdaq Stock Market in the electronic components industry under the technology sector. Customer A's holding company is principally involved in the provision of integrated manufacturing solutions including printed circuit board assembly, components, products and services including interconnect systems and mechanical systems. Customer A's name has not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.

(2) Customer B operates in the communication products and services industry in the USA and is principally involved in the provision of communication infrastructure, devices, accessories, software, services and systems integration for radio and TV broadcasting and communications equipment, with more than 100,000 public safety and commercial customers in over 100 countries. Customer B is an American company listed on the New York Stock Exchange in the communication equipment industry under the technology sector. Customer B's name has not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.

(3) Customer C operates in the wireless communications industry in the USA and is principally involved in the provision of wireless IoT communication devices including telematics, GPS asset tracking, cellular modems, wireless telemetry, and rental applications. Customer C is an American subsidiary of a public listed company incorporated in the UK and listed on the New York Stock Exchange in the scientific and technical instruments industry under the technology sector. Customer C's holding company is involved in the manufacture and distribution of electronic components including automotive sensors, motor protectors, circuit breakers, thermostats, pressure sensors and switches. Customer C's name has not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.

(4) Customer D operates in the energy services industry in Singapore and is principally involved in the manufacturing of machinery and equipment, and provision of support services for the energy industry. Customer D is a Singaporean subsidiary of a public listed company incorporated in USA and listed on the New York Stock Exchange in the oil and gas equipment and services industry under the energy sector. Customer D's holding company is involved in the manufacturing of machinery and equipment, and provision of support services for the energy industry, with operations in a multitude of jurisdictions. Customer D's name has not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.

(5) Customer E operates in the wireless communications industry in Germany and is principally involved in the provision of wireless, broadband, and automotive communications technologies and embedded electronic products. Customer E is a German subsidiary of Customer B. Customer E's name has not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.

We are dependent on the following customers by their sales contribution of more than 15.0% to our revenue for any one or more years/period during the FYE Under Review and FPE 31 August 2021:

(i) Customer A

As at the LPD, Customer A has been our customer for five years. Revenue from Customer A accounted for 28.2%, 29.5%, 35.9% and 29.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

We provide EMS of communication devices to Customer A in Malaysia. Our subsidiary, BCM Electronics, had on 1 February 2016 entered into a supplier managed inventory agreement with the holding company of Customer A ("**Customer A Supplier Managed Inventory Agreement**") and pursuant to the said agreement, purchase orders are placed by Customer A for the supply of products to support inventory levels of Customer A at a hub located in Penang. See Section 7.22 of this Prospectus for the salient terms of the Customer A Supplier Managed Inventory Agreement.

We also deal with 3 related companies of Customer A which are located in Brazil and the USA. These 3 companies, together with Customer A, collectively accounted for 28.3%, 29.7%, 36.1% and 30.0% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Customer A's manufacturing operations in Penang, Malaysia was previously operated by a company related to Customer B ("**Customer B Related Company**") and had formed part of Customer B's group's manufacturing operations in Malaysia. In February 2016, Customer A's holding company, a company incorporated in USA and listed on the Nasdaq Stock Market, acquired the said manufacturing facility in Penang from Customer B Related Company after Customer B Related Company decided to dispose of it. Following the acquisition of the manufacturing facility, our business relationship with the manufacturing operations in Penang continued with Customer A becoming our Group's new customer in place of Customer B Related Company. Notwithstanding, all the products sold by our Group to Customer A and its 3 related companies are for the purposes of Customer B's inventories.

(ii) Customer B and Customer E

As at the LPD, Customer B has been our customer for 23 years. Revenue from Customer B accounted for 22.1%, 21.3%, 24.1% and 20.2% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 October 2011 entered into a manufacturing services agreement and subsequently an amendment agreement with Customer B (collectively "**Customer B Manufacturing Services Agreement**") for the provision of EMS including procurement, assembly, test and other services. The Customer B Manufacturing Services Agreement also extends to the provision of EMS to Customer E which is a German subsidiary of Customer B. See Section 7.22 of this Prospectus for the salient terms of the Customer B Manufacturing Services Agreement.

As at the LPD, Customer E has been dealing with us for 24 years. Customer E accounted for 4.2%, 4.8%, 6.5% and 4.9% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively. Prior to establishing our relationship with Customer B and Customer E, we had already commenced business relationship with a subsidiary of Customer B in Malaysia back in 1993 for the provision of EMS.

We also deal with 3 related companies of Customer B and Customer E, which are located in Malaysia, China and Brazil. These 3 companies, together with Customer B and Customer E ("**Customer B and E Group**"), collectively accounted for 29.7%, 31.0%, 34.3% and 27.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

(iii) Customer C

As at the LPD, Customer C has been our customer for 14 years. Customer C accounted for 21.7%, 16.0%, 17.5% and 23.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 August 2018 entered into a manufacturing and supply agreement with Customer C ("**Customer C Manufacturing And Supply Agreement**") for the provision of EMS including procurement, assembly, testing and other services. See Section 7.22 of this Prospectus for the salient terms of the Customer C Manufacturing And Supply Agreement.

We also deal with a related company of Customer C which is located in Lithuania. This customer, together with Customer C, collectively accounted for 21.7%, 16.0%, 18.1% and 24.7% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

(iv) Customer D

As at the LPD, Customer D has been our customer for 12 years. Customer D accounted for 13.3%, 19.7%, 6.9% and 9.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 March 2016 entered into a master purchase agreement for goods and services with a related company of Customer D. Subsequently, BCM Electronics had on 1 October 2020 entered into a reinstatement, reaffirmation, ratification, amendment, and extension of master purchase agreement for goods and services with the same related corporation of Customer D (all agreements entered into with the related corporation of Customer D are collectively referred to as "**Customer D Related Co Master Purchase Agreements**"). Arising from the Customer D Related Co Master Purchase Agreements, BCM Electronics had on 17 June 2016 entered into an affiliate addendum agreement with Customer D for the provision of EMS including procurement, assembly, testing and other services by us to Customer D ("**Customer D Affiliate Addendum Agreement**"). See Section 7.22 of this Prospectus for the salient terms of the Customer D Related Co Master Purchase Agreements and Customer D Affiliate Addendum Agreement.

We also deal with a related company of Customer D which is located in USA. This customer, together with Customer D, collectively accounted for 13.7%, 20.8%, 7.9% and 11.4% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our major customers collectively contributed approximately 90% or more of our revenue in any given year/period during the FYE Under Review and FPE 31 August 2021. The loss of any of these major customers and/or purchase orders from these major customers, if not replaced, may adversely affect our business, financial condition, results of operations and prospects. In addition, although all the products sold by our Group to Customer A and its 3 related companies are for the purposes of Customer B's inventories where revenue from Customer A and its 3 related companies accounted for 28.3%, 29.7%, 36.1% and 30.0% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021 respectively, and revenue from the Customer B and E Group collectively accounted for 29.7%, 31.0%, 34.3% and 27.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021 respectively, there is no concentration risk as the products we sell to Customer A are all sub-assembly of different models of communication devices where Customer A would need to perform further processing, assembling, testing and packaging before selling them to Customer B whereas products we sell to the Customer B and E Group are finished products in the form of communication devices for different product models, mainly for the USA and Europe markets. Additional information on our major customers is set out in Section 7.10 of this Prospectus.

We have established rewarding business relationship with these major customers over the years, spanning from 5 to 24 years with a track record of meeting their requirements or quality standards along the way. We have maintained and will continuously strive to meet our customers' expectations by paying close attention to their feedback and working in tandem with their requirements to further improve the quality of our products and services.

As at the LPD, we have entered into agreements (including but not limited to supplier managed inventory agreement, manufacturing services agreement and manufacturing and supply agreement as stated above) with our major customers or the holding company of our major customers, and such agreements set out basic terms and conditions regulating our business relationships with each of our major customers during specified period. Pursuant to the agreements, our major customers will issue purchase orders to us for specified manufacturing services for the duration of the contracts, as and when they require.

In addition, we have entered into an electronics manufacturing services agreement dated 1 August 2019 with Customer F pursuant to which we will provide the semiconductor component manufacturing services, in particular multicomponent IC products, namely IoT modules that are used for machine-to-machine communications using wireless technology to support various frequency bands including but not limited to 2G, 3G, 4G, 5G, Wifi and others, to Customer F. Customer F operates in wireless communications industry and is principally involved in design, production, R&D and sales services of wireless communication modules and solutions in the IoT field, and the company is incorporated in China. Customer F is a public listed company which is listed on the Shanghai Stock Exchange with its headquarters in China. As at the LPD, our planned capital expenditure for the on-going and future expansion plans which are for the semiconductor component manufacturing for Customer F is estimated at RM34.0 million.

As for our on-going expansion plans, Customer F will also provide another two (2) sets of automated backend inline testing and packing to be incorporated into the two (2) production lines which will tie into our ongoing expansion plans. There is no term in the agreement which we have entered into with Customer F that restricts the use of these production lines which are supported by automated backend inline testing and packing machines provided by Customer F to fulfil orders solely for Customer F. Nevertheless, we are not allowed to manufacture similar products for other customers without the prior approval of Customer F.

In addition, we have placed orders for two (2) SMT lines and two (2) AGVs where the installation for the two (2) production lines were completed in August 2021 and October 2021 respectively. As part of the future expansion plans for the three (3) new production lines, we will invest approximately RM4.0 million in one (1) set of automated backend inline testing and packing through internally generated funds, and another two (2) sets will be provided by the said customer. Accordingly, we are deemed to be dependent on Customer F. In the event of the delay in planned capital investments and/or reduction in anticipated demand from Customer F, this may adversely affect our future financial performance.

For further details of Customer F and the agreements which we have entered into with our major customers and Customer F which we are materially dependent on, see Section 7.22 of this Prospectus.

However, there can be no assurance that these major customers will issue new purchase orders during the validity period of the agreements or that these major customers will not cease certain product lines and/or they will extend or renew the agreements upon expiry in the future. In such events, we may lose substantial portion of our business which in turn, will have a material adverse effect on our financial condition, results of operations and prospects. As a consequence, we will need to increase sales from other existing customers and/or secure new customers to substitute the loss of sales from these major customers in a timely manner to mitigate the impact of such loss.

In addition, as an EMS provider, our business is tied to that of our major customers' business and the industry they operate in. As we have no control over the prospects and success of our major customers' business, our financial performance may be adversely affected if they lose market share, experience financial difficulty or if they face economic downturn which affects demand for their products or services.

5.1.2 We are dependent on imported input materials and any disruption in global supply chain may affect our business, results of operations and financial condition

Our manufacturing operations are dependent on imported input materials used in our business include PCBs and semiconductor components such as IC and discrete components as well as electrical, mechanical and related parts including among others, electrical connectors, electromechanical components, acoustic parts and cables and wires. We source input materials from Malaysia as well as foreign countries. Our imported input materials accounted for 75.4%, 74.8%, 70.2% and 67.8% of our purchases of input materials for the FYE Under Review and FPE 31 August 2021 respectively.

While our Group is not dependent on any single supplier, any serious and prolonged global shortage of such input materials may lead to loss of business opportunities and delay in our production. The delay in production could result in a delay in delivery to our customers which may affect our reputation and/or expose us to late delivery penalties, and in turn, lead to delay in revenue recognition and/or loss of revenue that may adversely affect our profitability as well as dampen our growth.

Further, our cost of production is dependent on the cost of input materials used, which in turn is dependent on the prevailing price trends in the market and vary between industries. Prices of input materials used may be affected by numerous factors such as macroeconomic and microeconomic factors, disasters, riots, terrorist attacks or outbreak of epidemics or pandemics.

For the FYE 31 January 2021 and FPE 31 August 2021, we faced delays in obtaining certain input materials such as PCB, capacitors, inductors, plastic components and metal parts from our suppliers as there were disruptions in the global supply chain arising from the COVID-19 pandemic. As a result, we had to delay fulfilment of sales orders to our customers for the FYE 31 January 2021 and FPE 31 August 2021. Any disruptions in the global supply chain of these input materials will adversely affect our business, results of operations and financial condition. See Section 5.2.3 of this Prospectus for further details of the risks of adverse economic conditions impacting the EMS industry due to the pandemic.

We are responsible for sourcing and procuring input materials used for the manufacturing of our customers' products based on the turnkey contracts. We may be exposed to price fluctuations in the cost of the input materials due to unavoidable time lag between the time of our commitment to our customers and our subsequent purchase of such input materials on our customers' behalf.

We seek to minimise our exposure to shortages of components and price fluctuations through the purchase of such components and input materials from suppliers recommended by our customers as well as sourcing supplies from other suppliers based on the concept of competitive priorities. Generally, our customers have accommodated price increases with respect to input materials, equipment and components in the provision of our EMS business.

Nevertheless, there can be no assurance that we will be able to pass on the increase in the costs of input materials to our customers, in a timely manner or at all, to avoid adverse impact on our profit margin if there is a significant increase in our input material prices. In such an event, our results of operations and financial condition may be materially and adversely affected.

According to the IMR, during the second quarter of 2021, the global E&E sector continued to experience a shortage of semiconductors such as IC due to the increase in demand for electronic products caused by the COVID-19 pandemic as well as the increased use of semiconductors in automobiles. The increase in demand for semiconductors was evidenced by the sales of global semiconductors which grew by 6.8% in 2020. The shortage of semiconductors has impacted the automotive market and affected its production activities since the second quarter of 2020 when the shortage of automobile chips began. In this respect, a sustained shortage of semiconductors for use in our manufactured products will have an impact on our business operations such as delay in fulfilment of sales orders.

Save for the delays of input materials as mentioned above, we have not experienced a shortage of semiconductors for our manufacturing operations as at the LPD.

5.1.3 We are subject to operational risks which may cause interruptions to our business operations

Operational risks including, but not limited to, fire outbreaks and disruption of electricity supply at our manufacturing plant may cause interruptions to our business operations.

We have taken precautionary steps through the installation of fire-resistant walls, fire hydrants, fire extinguishers and sprinkler systems at our office and factory premises. A safety committee which comprises senior management and operational staff of our Group, has been put in place and entrusted with the duty of evaluating and performing safety and security checks at the factory as well as to ensure that the security policies and control systems are strictly adhered to at all times. Factory employees are also trained on the use of firefighting equipment as well as basic firefighting techniques. Fire drills are conducted at regular intervals to ensure that employees are well prepared in the event a fire outbreak occurs.

In addition, our production process undertaken is highly automated and is therefore dependent on a consistent supply of electricity for smooth operations. The power supply to our manufacturing plant is provided by Tenaga Nasional Berhad ("**TNB**") and an independent power producer ("**IPP**"), Northern Utility Resources Sdn Bhd. As such, in the event of a disruption in the power supply from either TNB or the IPP, the necessary backup power supply will be provided by the other party.

Although we have not previously experienced any major disruptions to our manufacturing plant, any prolonged disruptions will affect our production schedules and will affect the timely delivery of our products to our customers, which may consequently affect our results of operations, financial condition and reputation.

5.1.4 We are dependent on our Executive Directors and key senior management for the continuing success of our Group

The continued success of our business is dependent, to a significant extent, on the experience, business relationship, technical expertise and industry know-how of our Executive Directors and key senior management.

Our Executive Directors, namely LCY and LHC, are involved on full time basis in the day-to-day management and operations of our Group. The in-depth knowledge of LCY on industrial automation and manufacturing, and LHC's experience in the management of financial matters, are valuable to us and our business expansion strategies. Our Executive Directors are assisted by our key senior management who also have extensive knowledge and experience in our business. Our Executive Directors and key senior management are vital for direction, leadership, business planning and development, and management of our operation, in addition to formulating and implementing strategies to drive the future of our Group.

Our continued and future success largely depends on our ability to hire, develop, motivate and retain qualified personnel needed to support our business operations. We continue to identify, train and develop talent pools at each level of management so we can fill up any key positions, as and when required. While we have put in place a management succession plan to ensure business continuity, the loss of services of any of our Executive Directors or key senior management may adversely affect our business, results of operations and financial condition if we are unable to timely replace the talents. As such, our ability to retain and continuously attract competent and experienced personnel is crucial for our continued success, future business growth and expansion.

There has been no incident of departure of any of our Executive Directors and/or key senior management which has adversely affected our business operations in the past.

5.1.5 There may be a delay in the implementation of our future plans and strategies due to prolonged Covid-19 pandemic

Our future plans include the expansion of our production facilities which comprise the following:

(i) Construction of a new manufacturing plant

As at the LPD, we have commenced the construction of a new manufacturing plant and is expected to be completed by end of 2021 with planned commencement of operation by first half of 2022. Pursuant to the Phase 1 of the NRP, the construction was temporarily suspended between 1 June 2021 until 11 August 2021 upon the receipt of approval from the MITI to recommence the construction. Notwithstanding, the expected completion date remains by end December 2021. However, in the event of any re-imposition of the FMCO condition, this may have an impact on the timing to complete the construction of the new manufacturing plant.

(ii) Purchase of new machinery and equipment

As part of our on-going and future expansion plans mainly for semiconductor component manufacturing for Customer F, we have placed orders for two (2) production lines including SMT lines and AGVs, where installation for the two (2) production lines were completed in August 2021 and October 2021 respectively. In addition, we intend to further expand our production facilities and invest in four (4) new production lines (two (2) each in 2022 and 2023) to cater to the expected business expansion and growth of our EMS services. The new production lines will consist of three (3) new lines dedicated to semiconductor components manufacturing for Customer F and one (1) new line for EMS focusing on industrial electronics. If there is any disruption due to the prolonged COVID-19 pandemic and/or restrictions resulting from the re-imposition of MCO measures, this may affect the timing for the installation of the productions lines and in turn, it may adversely affect our future growth and financial performance.

In the event of a prolonged COVID-19 pandemic and/or implementation of FMCO measures and/or increase in restrictions on MCO, this would adversely affect our ability to implement our future plans and strategies based on the timeline set out in Section 7.4 of this Prospectus. Failure to implement our future plans and strategies in a timely manner may adversely affect our business, results of operations and prospects. Nevertheless, we do not foresee that this will affect our relationship with our major customers and Customer F given the mutual dependency between our customers and us as demonstrated by our continuing business relationship with them.

5.1.6 The Promoters will be able to exert significant influence over our Company

One of the Promoters, MSH, will hold 71.0% of our enlarged issued Shares upon our Listing. As a result, all the Promoters will be able to control our business direction and management as the other Promoters, namely LCY and LHC, are the only shareholders of MSH. The Promoters may have significant influence over, among others, the election of our Directors, the timing and payment of dividends as well as having voting control over our Group. As such, the Promoters will likely influence the outcome of certain matters requiring the vote of our shareholders except where they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. We cannot assure you that the interests of the Promoters will be aligned with those of our other shareholders.

5.1.7 We are subject to credit risks based on the credit periods granted to our customers

We grant our customers credit periods of between 30 to 80 days. Our trade receivables accounted for a significant portion of our total assets for the FYE Under Review and FPE 31 August 2021, as follows:

	As at 31 January						As at 31 August 2021	
	2019		2020		2021			
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trade receivables	102,985	41.10	92,897	37.25	100,157	35.57	71,774	23.22
Total assets	250,590		249,410		281,564		309,048	

As such, we are exposed to credit risks arising from our Group's trade receivables which may arise from events and circumstances beyond our Group's control.

If there is an occurrence of circumstances that affect our customers' ability or willingness to pay us, we may experience payment delays or default on payment. Accordingly, we will have to make allowance for doubtful debts or may be required to write-off the uncollectible trade receivables as bad debts, which may adversely affect our profitability.

Nevertheless, our major customers are multinational corporations which are either public listed companies or subsidiaries of public listed companies and these customers have maintained good payment records in their past dealings with us. Further, we conduct credit risk assessment on our new customers to assess their creditworthiness and we continuously monitor the outstanding balance and collection of our trade receivables.

There were no allowances for doubtful debts and bad debts written off which had material adverse impact on our profitability and financial performance for the FYE Under Review and FPE 31 August 2021. However, we may be required to provide allowance for doubtful debts or may be required to write-off the bad debts in the future if the need arises.

5.1.8 We are subject to foreign exchange fluctuation risks which may impact our Group's revenue and purchases

We are exposed to foreign exchange fluctuation risks as our revenue and purchases of input materials and components are principally denominated in USD and RM. This can be demonstrated by our revenue and purchases of input materials and components as shown below:

	FYE 31 January						FPE 31 August 2021	
	2019		2020		2021			
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue								
USD	358,022	100.0	389,043	99.9	359,415	99.2	199,934	99.9
Euro	-	-	127	#	2,231	0.6	-	-
RM	149	#	135	#	519	0.2	104	0.1
Total	**358,171**	**100.0**	**389,305**	**100.0**	**362,165**	**100.0**	**200,038**	**100.0**
Purchases								
USD	296,664	98.1	288,796	98.7	286,717	98.5	183,475	98.9
RM	4,828	1.6	1,987	0.7	2,334	0.8	1,402	0.8
Euro	462	0.2	410	0.1	479	0.2	238	0.1
Others [(1)]	420	0.1	1,314	0.5	1,421	0.5	430	0.2
Total	**302,374**	**100.0**	**292,507**	**100.0**	**290,951**	**100.0**	**185,545**	**100.0**

Notes:

\# *Less than 0.1%;*

(1) Includes JPY, GBP, SGD, AUD and CNY

As our revenue and purchases of input materials and components are largely denominated in USD, any fluctuation in USD would have an impact on our revenue from our contracts with customers, cost of sales and GP margin. See Section 12.2.22 of this Prospectus for further details of the impact of foreign exchange.

We currently do not use any financial instrument to hedge our exposure against transactions in foreign currencies as a significant portion of our EMS business is naturally hedged due to our sales and purchases being principally denominated in the same currency. We mitigate the exposure to the risk by maintaining a USD denominated bank account for the sales and purchases transactions denominated in USD. We also constantly monitor and review our need to hedge. Should this exposure become substantial in the future, we may need to enter into derivative contracts with financial institutions to minimise the impact of the foreign exchange fluctuation.

Nevertheless, there can be no assurance that any future fluctuation of exchange rates will not have a material and adverse effect on our financial condition. In addition, there can be no assurance that other foreign exchange administrative rule imposed or varied by the any relevant authority from time to time will not materially affect our business, results of operations and financial condition.

5.1.9 We may not have adequate insurance coverage to cover the risks related to our operations

We maintain insurance to cover a variety of risks that are relevant to our business needs and operations. As at the LPD, our Group has taken insurance with a total insured amount of up to RM258.6 million to cover among others, general liability, product liability, public liability, fire and burglary. In addition, our Group has taken insurance with a total insured amount of up to RM12.0 million per conveyance to cover cargo shipments.

As these insurance coverages are subject to exclusions and limitations of liability both in amount and with respect to the insured events and may not necessarily cover all members of our Group, we are still exposed to the risk that the insurance coverage would be inadequate to cover the losses, damages or liabilities which we may incur in the course of our business operations or that it may not cover a particular member of our Group. Therefore, there can be no assurance that all liabilities incurred will be adequately covered by insurance and as such, claims for damages arising from our operations which cannot be sufficiently covered by our insurance policies may have an adverse effect on our financial condition or results of operations.

Further, there can be no assurance that we are sufficiently insured to cover any losses, damages or liabilities that may arise. For instance, we do not have insurance coverage for certain risks such as political risks, terrorism or war. Hence, our business may be adversely and materially affected in the event of such an occurrence where our losses and liabilities are not covered by insurance.

For the FYE Under Review and FPE 31 August 2021, we have not encountered any events that resulted in any insurance claims of a material nature.

5.1.10 We may face a shortage of labour for our factory operations

We are dependent on a broad range of human capital as we require semi-skilled operators to operate our SMT facilities. Hence, a stable work force is crucial to ensure that our operations is not interrupted, particularly in periods of high demand. Our labour costs accounted for approximately 10.2%, 10.1%, 10.1% and 11.3% of our cost of goods sold for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

As at the LPD, we employed 1,029 Malaysian workers. In this respect, our business operations rely entirely on Malaysian workers. In the event of any shortages of Malaysian workers, this may materially affect our business operations. As at the LPD, we also have 57 contract Malaysian workers for our factory floor who are not our employees but supplied by third parties.

Our staff force is required to attend on-the-job and classroom-based trainings to enhance their technical skills for various different tasks as part of their training and development programmes. Consequently, this provides flexibility to our staff utilisation and mitigate the effects of staff shortages as we are able to reorganise and reallocate our staff to meet the production demand, as and when required. If a sizable portion of our human capital abruptly leaves our Group without any suitable and timely replacement, our business operations and results of operations may be adversely affected.

In respect of technical personnel certified to carry out high melting point and gold soldering, we have qualified in-house trainers to train and certify new personnel in accordance with our customers' standards and requirements in the event of any departure of such skilled employees.

In addition, as part of our future plan, we will gradually upgrade our manufacturing facilities to meet Industry 4.0 standard via among others, an AGV to perform all tasks relating to the loading of input materials at the loading station of our production area. We will also progressively upgrade our SMT lines that are dedicated to our backend semiconductor components to be fully automated. These automation initiatives will reduce our dependency on human capital to operate our SMT facilities. On a 24 hours shift, one (1) SMT line requires only six (6) workers while two (2) backend lines require four (4) workers for operation. For further details of our future plans and strategies, see Section 7.4 of this Prospectus.

5.1.11 Security breaches and failure to protect our proprietary and customers' information

We face the risk of exposure of our proprietary information or exclusive information of our customers or trade secrets due to security breaches and employee negligence and/or errors. In the event we fail to protect the confidential information of our customers due to security breaches, negligence or disclosure by our employee, we may face risk of litigation or disputes as well as loss of confidence from our customers.

We have put in place several safeguards and measures to mitigate any potential security breaches which include installation of firewall systems, enforcement of authentication and user access restriction at workstations, regular examination of security logs, constant monitoring of network traffic, installation of closed circuit cameras within the manufacturing plant as well as ensuring isolation of workspace and allocating dedicated workforce for each project and/or customer, unless there is a need to reallocate our workforce due to high production demand.

As at the LPD, we have not experienced any security breaches and have not failed to protect our proprietary and customers' information which may adversely affect our business and/or reputation. Nevertheless, there can be no assurance that there will not be any security breaches in the future which may adversely affect us.

5.2 RISKS RELATING TO OUR INDUSTRY

5.2.1 We are subject to the demand and performance of the user-industries

Operators in the EMS industry produce a wide range of products across a large number of industrial and consumer user-industries, including, among others, consumer electronics such as smartphones, computers, tablets, wearables and home appliances, as well as industrial electronics such as robotics, automation, IoT devices, machinery and equipment, industrial communications, instrumentation, control devices, medical devices, and avionics. Any downturn in the performance of user-industries will have a negative impact on the demand for EMS.

We face the risk of dependency on communications and IoT products within the industrial electronics sector. Revenue from the communication and IoT products accounted for 80.0%, 77.1%, 89.5% and 83.6% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 and FPE 31 August 2021, respectively. Hence, in the event of any downturn and/or decline in demand for communication and IoT products, it would adversely affect our business, financial condition, results of operations and prospects.

5.2.2 We operate in a technological industry where we are required to compete effectively

In Malaysia, the EMS industry is diverse where operators in the industry produce a wide range of products from parts and components to finished consumer and industrial products across a wide number of end-user industries. According to the MIDA, the diversification in the industry had led to distinct clusters throughout Malaysia including northern, southern and central regions of Peninsular Malaysia. In Malaysia, we compete with operators including local small, medium and large sized enterprises, and large foreign multinational corporations with manufacturing facilities. We also compete globally with operators in foreign countries.

Operators within the industry will need to compete on a number of areas including, among others, meeting evolving technologies and trends in industrial and consumer products requiring changes in machinery and equipment, quick response to technological changes, continue to be cost competitive, maintain high quality of products and services, and supported by upskilled technical personnel as well as manufacturing systems and facilities.

If we do not stay up-to-date with technological advances and be sensitive to the market trends or if one or more of our competitors introduce products and design services that can better address customer's needs, it may adversely affect our Group's competitiveness and therefore may affect our Group's business, financial condition, results of operations and prospects.

5.2.3 The EMS industry may face adverse economic conditions due to pandemic

In 2020, the real GDP growth of the E&E industry moderated to 2.6% from 3.3% in 2019, according to the IMR. This was mainly impacted by the COVID-19 pandemic where the Government imposed various social, economic and movement restrictions that impacted on the Malaysian economy. Globally many countries also imposed various social, economic and movement restrictions that affected their economies, demand for goods and services, as well as disrupting the global supply chain. As such, a prolonged COVID-19 pandemic or occurrence of similar pandemics in the future will cause, among others, a slowdown in demand of goods and services, disruptions in supply chain and restrictions in movements of goods and people, which would have a material adverse effect on business, results of operations and financial condition of operators in the EMS industry.

See Section 7.16 of this Prospectus for further details of material interruptions to our business pertaining to COVID-19 and Section 12.2.2(e) of this Prospectus for further details of the risks arising from the prolonged COVID-19 or any other contagious or virulent diseases on our business, results of operations and financial condition.

5.2.4 We are subject to political, economic, market and regulatory considerations and occurrence of force majeure events

Any unfavourable changes and/or developments in political, economic, social and regulatory conditions in Malaysia and the foreign markets that we serve could adversely affect our business, results of operations and financial prospects. These uncertainties include, but are not limited to, changes in inflation rates, interest rates, civil unrest, terrorism, riots, expropriation, declaration of emergencies, changes in political leadership, and unfavourable changes to government policies and laws. Similarly, any prolonged economic slowdown would affect business confidence as well as public and/or private expenditure. Any economic slowdown may cause our customers to defer, reduce or terminate contracts/sales orders or reduce the price of our products/services. In addition, any changes in the fiscal and monetary policies of Malaysia or the foreign markets that we serve would also impact on our business, financial condition and results of operations, including profitability and margins. There can be no assurance that any adverse political, fiscal or monetary policies, social, regulatory or economic developments would not materially affect our business, results of operations and financial condition or the industry as a whole.

5.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

5.3.1 Our Listing may not result in an active and liquid market for our Shares

There can be no assurance as to the liquidity of the market that may develop for our Shares or the price of which holders would be able to sell our Shares. Neither we, the Promoters, the Selling Shareholder and Sole Bookrunner have an obligation to make a market for our Shares or, if such market does develop, to sustain it.

Further, there can be no assurance that the market price of our Shares will reflect our operations and financial condition, our prospects or the prospects of the industry in which we operate in.

5.3.2 Our Share price and trading volume may be volatile

The market price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include, among others, the following:

(i) trading liquidity of our Shares;

(ii) differences between our actual financial and operating results and those expected by investors and analysts;

(iii) changes in earnings estimates and financial analysts' recommendations;

(iv) changes in market valuations of listed shares in general or share of companies comparable to us;

(v) perceived prospects of our business and the industry in which we operate;

(vi) adverse media reports regarding us or our shareholders;

(vii) general market, political and economic conditions;

(viii) changes in in government policy, legislation or regulations;

(ix) performance of the world exchanges and the inflow or outflow of foreign funds; and

(x) general operational and business risks.

These factors will contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares. In addition, many of the risks described in this Prospectus could materially and adversely affect the market price of our Shares. If we are not able to declare dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share price of many companies. The share price of many companies have experienced wide fluctuations which were not always related to the operating performance of those companies, including fluctuations as a result of developments in other markets. There can be no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

5.3.3 We cannot assure you that we will declare and pay dividends in the future

As highlighted in Section 12.5 of this Prospectus, it is the present intention of our Board to target a dividend payout ratio of 20% of our PAT attributable to owners of our Company of each financial year on a consolidated basis after taking into account working capital requirements, subject to any applicable law and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board. We may also not declare dividends should there be events of default occurring or that would occur with such dividend payment. The declaration of dividends is subject to the discretion of our Board and our Company's compliance with the requirement of the Act. In accordance with Section 131(1) of the Act, we can only make distribution of dividends to our shareholders out of our available profits if we are solvent. Pursuant to Section 132(3) of the Act, a company is regarded as solvent if it is able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made. Additionally, as our Company is a holding company and substantially all of our operations are conducted through our subsidiary, our Company relies on dividends and other distributions from our subsidiary as our Company's principal source of income.

5.3.4 Delay in, or termination of, in our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

(i) the Sole Underwriter's exercise of its rights under the Retail Underwriting Agreement, or the Sole Bookrunner's exercise of its right under the Placement Agreement, to discharge itself of its obligations under such agreements;

(ii) our inability to meet the minimum public shareholding spread requirement as determined by Bursa Securities of having at least 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing; or

(iii) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment/transfer of our IPO Shares:

(i) the SC issues a stop order under Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we or the Selling Shareholder shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(ii) our Listing is aborted, other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any IPO Shares and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment/transfer of our IPO Shares and the proceeds from the Public Issue form part of our share capital:

(i) the SC issues a stop order under Section 245(1) of the CMSA, any issue of the Issue Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by either (a) the sanction of our shareholders by way of a special resolution in a general meeting and supported by consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or (b) the sanction of our shareholders by way of a special resolution in a general meeting and supported by a solvency statement from our Directors.

5.3.5 Forward-looking statements are subject to uncertainties and contingencies

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results. Other statements, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, which are forward-looking in nature, are subject to uncertainties and contingencies. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will subsequently materialise. Their inclusion in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

6.1.1 History and Background

Our Company was incorporated in Malaysia under the Act on 9 February 2021 as a private limited company under the name of Aurelius Technologies Sdn Bhd. On 8 July 2021, our Company was converted into a public limited company.

The principal activity of our Company is investment holding while BCM Electronics, our sole subsidiary, is principally involved in the provision of EMS for industrial electronics products.

BCM Electronics became a wholly-owned subsidiary of Comintel Corporation upon completion of the acquisition of the entire equity interest in BCM Electronics by Comintel Corporation from Power-One Inc. and Just Trading Sdn Bhd in conjunction with the listing of Comintel Corporation on the Second Board of Bursa Securities on 16 August 2004.

On 30 August 2017, one of the Promoters, MSH, entered into a term sheet with Comintel Corporation for the acquisition of the entire equity interest in BCM Electronics ("**MBO of BCM Electronics**"). The MBO of BCM Electronics was driven and led by LCY and LHC, being the founding shareholders of MSH and key management personnel of BCM Electronics. The duo and the Founding MBO Members believed that the MBO of BCM Electronics would enable them to direct and grow BCM Electronics further as they would have full autonomy in undertaking and pursuing new corporate and business strategies for BCM Electronics as an EMS player as well as adopting their capital management initiatives effectively.

On 19 October 2017, MSH entered into a share sale agreement in relation to the MBO of BCM Electronics with Comintel Corporation for a cash consideration of RM123.8 million (subjected to settlement of related company advances and adjustment to the purchase consideration thereof), which represented a PB multiple of approximately 1 time based on the net assets of BCM Electronics as at 31 January 2017 of RM123.7 million.

On 25 January 2018, the MBO of BCM Electronics was successfully completed and BCM Electronics became a wholly-owned subsidiary of MSH. The final purchase consideration for the MBO of BCM Electronics was RM123.8 million which was agreed upon on a willing-buyer willing seller basis.

Following the Pre-IPO Restructuring, our Company had acquired the entire equity interest of BCM Electronics from MSH for a purchase consideration of RM84,350,999.70 on 3 November 2021. Further details of the Pre-IPO Restructuring are set out in Section 6.1.3 of this Prospectus.

6.1.2 Key developments after the MBO of BCM Electronics

Since the MBO of BCM Electronics, the following key developments have taken place:

(i) Expansion into semiconductor component manufacturing

In August 2019, BCM Electronics secured an electronics manufacturing services agreement with Customer F for the manufacturing of semiconductor components comprising multicomponent IC for IoT applications. This is a move up the manufacturing value chain as semiconductor component manufacturing precedes electronics manufacturing. We commenced full manufacturing of semiconductor components which represents a new product category for us in the FYE 31 January 2021.

As part of a new product introduction, we have an in-house dedicated team to work with Customer F to carry out the first article build covering various aspects of a new product manufacturing process such as the review of engineering documentation and machinery requirements, verification of manufacturing processes, quality verification of input materials and parts, as well as performing first article inspection. The first article inspection is required to ensure that the manufacturing process can deliver products that consistently meet specifications. This inspection involves measurement of an initial sample against specifications and conducting various tests including checking that correct components are used, components are in their respective locations and are positioned correctly. The entire first article build process typically takes up to two (2) months for each new product and will require working closely with the customer that can facilitate better production planning and scheduling to optimise machine and equipment usage. To this end, the new product manufactured through this first article build process was sent for reliability testing by Customer F before we could commence mass production of the new product.

Our Group's semiconductor component manufacturing is currently supported by three (3) recently installed dedicated SMT lines for Customer F. The dedicated SMT lines consist of automated frontend, from the loading of PCB until after the AOI of the post-reflow of the PCBA, and follow through to the backend automated testing and packing. We envisage that we will expand this segment by installing four (4) additional SMT lines progressively between October 2021 and 2023 to cater to semiconductor components manufacturing for Customer F.

(ii) Installation of new SMT lines

For the FYE 31 January 2018, being the FYE in which the MBO of BCM Electronics was completed, BCM Electronics' production capacity was approximately 1,141 million placement points from 10 SMT lines. However, three (3) SMT lines were decommissioned during the FYE 31 January 2020 as they have reached the end of their service/useful life but since the completion of the MBO of BCM Electronics and up to the LPD, we have installed four (4) additional SMT lines dedicated to the manufacturing of semiconductor components. For the FYE 31 January 2021, BCM Electronics' production capacity was 1,965 million placements points from nine (9) SMT lines and for the FPE 31 August 2021, BCM Electronics' production capacity was 1,350 million placements points from 10 SMT lines.

Year/Period	No. of production line	Cumulative total annual capacity
		million placement point
FYE 31 January 2018	10	1,141
FYE 31 January 2019	10(1)	1,299
FYE 31 January 2020	8(2)	1,056
FYE 31 January 2021	9(3)	1,965
FPE 31 August 2021	10(4)	(5)1,350

Notes:

(1) For the FYE 31 January 2019, the annual production capacity was higher as one (1) new SMT line operated for only six (6) months in the FYE 31 January 2018.

(2) For the FYE 31 January 2020, the annual production capacity was for seven (7) SMT lines and one (1) new SMT line which operated for only (1) one month. Three (3) SMT lines were decommissioned.

(3) For the FYE 31 January 2021, the annual production capacity was for eight (8) SMT lines and one (1) new SMT line which operated for only six (6) months.

(4) For the FPE 31 August 2021, the production capacity was for nine (9) SMT lines and one (1) new SMT line which operated for only seven (7) days.

(5) Calculated based on 7-month pro-rated capacity.

Although we only have nine (9) SMT lines for the FYE 31 January 2021 as compared to 10 SMT lines at the time when the MBO of BCM Electronics was completed, BCM Electronics' production capacity has increased by approximately 72.2%, contributed by the two (2) recently installed advanced SMT lines with increased efficiency.

As part of our Group's on-going and future expansion plans, we have placed orders for two (2) production lines including SMT lines and AGVs, where the installation of the two (2) production lines was completed in August 2021 and October 2021 respectively. Accordingly, our Group has a total of 11 SMT lines as at the LPD.

As part of our Group's strategies, we intend to further expand our production facilities and invest in four (4) new production lines (two (2) each in 2022 and 2023) to cater to our business expansion and growth of our EMS services. The new production lines will consist of three (3) new lines dedicated to semiconductor components manufacturing for Customer F and one (1) new line for EMS focusing on industrial electronics. Accordingly, our Group will have a total of 15 SMT lines by end 2023.

With the new production lines, our Group's annual capacity will increase by 198.7% to 5,870 million placement points by end 2023 (FYE 31 January 2024) from 1,965 million placement points for the FYE 31 January 2021.

(iii) Increased customer base

Since the completion of the MBO of BCM Electronics, our Group has adopted proactive sales and marketing strategies to expand our customer portfolio. Among others, our Group has focused our efforts in promoting our EMS services in various cities in the USA, China, Europe and Australia. Our Group's marketing efforts are carried out by our business development team of 10 people as at the LPD compared to five (5) people prior to the MBO of BCM Electronics. The team is headed by LHC, our Executive Director.

Our Group's business development team has been actively marketing and promoting BCM Electronics' capabilities and services through cold calls of targeted potential customers and following up on referrals including those provided by our domestic and foreign suppliers. Through our proactive marketing and sales approach, our Group successfully secured two (2) new customers from Europe and two (2) new customers from China (where one (1) being Customer F). These new customers have also enabled our Group to diversify our EMS to new product applications and industries, including EMS for power modules and power control modules for the marine industry which requires waterproofing for its products as well as radiofrequency generator used in the semiconductor industry.

(iv) Integration of MES

BCM Electronics' production facility is fully integrated with its MES which was designed and developed in-house in April 2018 after the completion of the MBO of BCM Electronics. It is a real time production monitoring system that tracks our production process. The main objective of MES is to ensure that end-to-end manufacturing processes are based on pre-determined detailed workflow. This enables BCM Electronics to efficiently and effectively convert customer orders into instructions for the manufacturing process which facilitates the factory floor operators to follow these instructions on a step-by-step basis to minimise human errors through the elimination of human interventions.

The MES also enables full traceability where it can trace and identify all material movements and manufacturing processes carried out for all components and products that pass through BCM Electronics' production facility. We can remotely check the status of the purchase orders in real time from anywhere in the world. Most customers can also check the quality of production performed through various machine-generated reports.

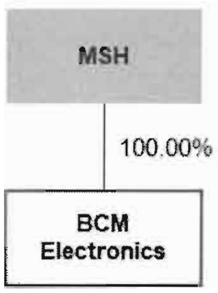
6.1.3 Pre-IPO Restructuring

On 20 July 2021, we entered into a conditional share sale agreement with MSH, being the Promoter and our substantial shareholder to acquire the entire equity interest in BCM Electronics comprising 32,869,878 ordinary shares ("**BCM Electronics Sale Shares**") for a purchase consideration of RM84,350,999.70 which represents a PB multiple of approximately 1 time of the audited NA of BCM Electronics as at 31 January 2021 of approximately RM84.1 million. On 3 November 2021, via a supplemental letter to the share sale agreement, MSH and us mutually agreed to vary a condition precedent to the share sale agreement to facilitate a timely completion of the Pre-IPO Restructuring. The purchase consideration was satisfied entirely by the issuance of 281,169,999 new Shares, credited as fully paid-up to MSH.

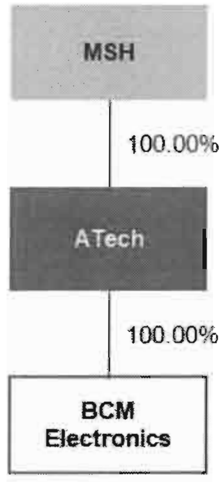
The Pre-IPO Restructuring was completed on 3 November 2021. The BCM Electronics Sale Shares were acquired free from all charges, liens, pledges, trusts and other encumbrances and with all rights, benefits and entitlements attaching thereto from the date of completion for the Pre-IPO Restructuring.

The shareholding structure of BCM Electronics before and after the Pre-IPO Restructuring are as follows:

Before the Pre-IPO Restructuring



After the Pre-IPO Restructuring



6.1.4 Share capital

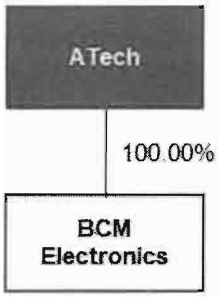
Our issued share capital is RM84,351,001, comprising 281,170,000 Shares as at the date of this Prospectus. Our Company does not have any treasury shares as at the LPD.

The changes in our issued share capital since the date of our incorporation are as follows:

Date of allotment	No. of Shares allotted	Nature of transaction	No. of cumulative Shares	Cumulative issued share capital
				RM
9 February 2021	1	Subscriber's share	1	1
3 November 2021	281,169,999	Pursuant to the Pre-IPO Restructuring	281,170,000	84,351,001

6.2 OUR GROUP STRUCTURE

Our Group structure as at 3 November 2021 is as follows:



6.3 OUR SUBSIDIARY

Our subsidiary as at 3 November 2021 is as follows:

Name and registration number	Date and country of incorporation	Share capital	Our effective equity interest	Principal activities
		RM	%	
BCM Electronics 199301019234 (273972-P)	20 August 1993 Malaysia	45,864,068	100.0	Provision of EMS focusing on industrial electronics products

As at 3 November 2021, our Company does not have any joint venture and associated company.

6.3.1 Information on BCM Electronics

BCM Electronics was incorporated in Malaysia on 20 August 1993 as a private limited company under the name of Bakti Comintel Manufacturing Sdn Bhd under the Companies Act 1965 and is deemed registered under the Act. It assumed its current name on 18 August 1997.

The principal place of business of BCM Electronics is at Plot 21, Jalan Hi-Tech 4 Kulim Hi-Tech Park Phase 1, Kulim 09090, Kedah.

BCM Electronics is principally involved in the provision of EMS for industrial electronics products. BCM Electronics was established in 1993 pursuant to a technology transfer agreement between Motorola Inc. and Comintel Sdn Bhd to jointly develop manufacturing capabilities in line with the Government's efforts to promote technology transfer to local companies.

The issued share capital of BCM Electronics is RM45,864,068.00 comprising 32,869,878 ordinary shares. There have been no changes in BCM Electronics' issued share capital for the past three years preceding the LPD.

BCM Electronics is our wholly-owned subsidiary. As at the LPD, BCM Electronics does not have any subsidiary, joint venture or associate.

As at 3 November 2021, our Group does not have any outstanding warrants, options, convertible securities or uncalled capital.

None of our Shares and share capital in our subsidiary were issued and allotted at a discount or have any special terms or any instalment payment terms. Our issued Shares and the issued shares of our subsidiary are fully paid-up.

As at 3 November 2021, neither our Company nor our subsidiary is involved in any bankruptcy, receivership or similar proceedings.

During the last financial year and up to the LPD, there were no:

(a) public take-over offers by third parties in respect of our Shares; and

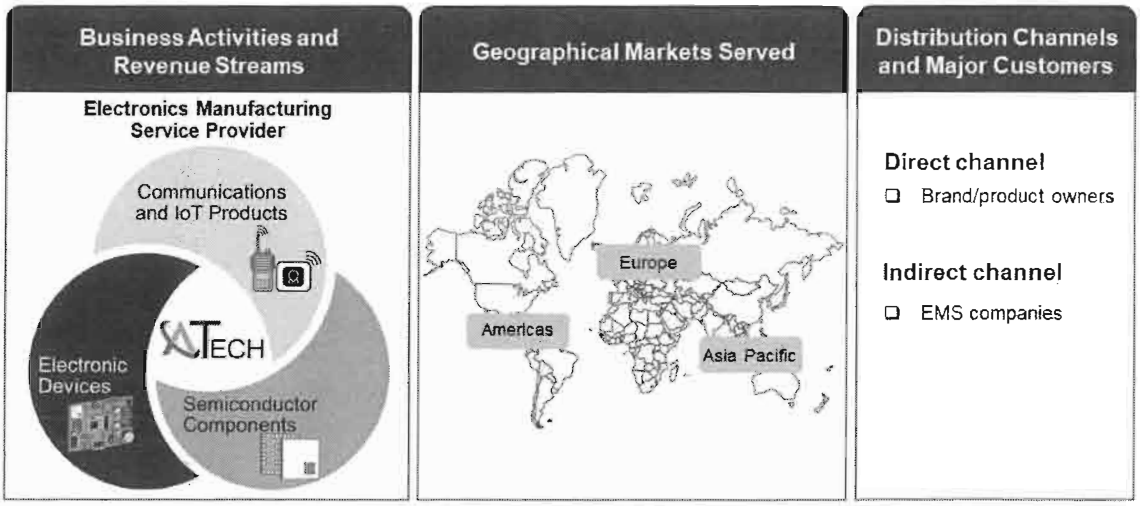
(b) public take-over offers by our Company in respect of other companies' securities.

7. BUSINESS OVERVIEW

7.1 OVERVIEW

We are an EMS provider focusing on industrial electronic products. During the FYE 31 January 2020, we expanded into the manufacturing of semiconductor components comprising multicomponent IC for IoT applications and the mass production of these semiconductor components commenced during the FYE 31 January 2021. The products that we manufacture are mainly for industrial use. The EMS is undertaken by our subsidiary, BCM Electronics.

Our business model is as follows:



As an EMS provider, we offer a range of contract manufacturing services including engineering support services, prototyping, board assembly, mechanical assembly, testing, labelling, packaging and direct shipment fulfilment. We provide EMS for PCBA, subassemblies, box build and system build products.

The majority of our manufacturing contracts are turnkey contracts where we are responsible for sourcing and procuring parts and components required to manufacture products, commonly from our customers' approved suppliers. Whereas the remaining manufacturing contracts are consignment based where sourcing and procuring parts and components required to manufacture the products are sourced by the customers and provided to our Group. We primarily use SMT for our EMS processes. As at the LPD, we have a total of 11 SMT lines of which four (4) SMT lines are dedicated to the manufacturing of semiconductor components.

For further details of our operations, see Section 7.6 of this Prospectus.

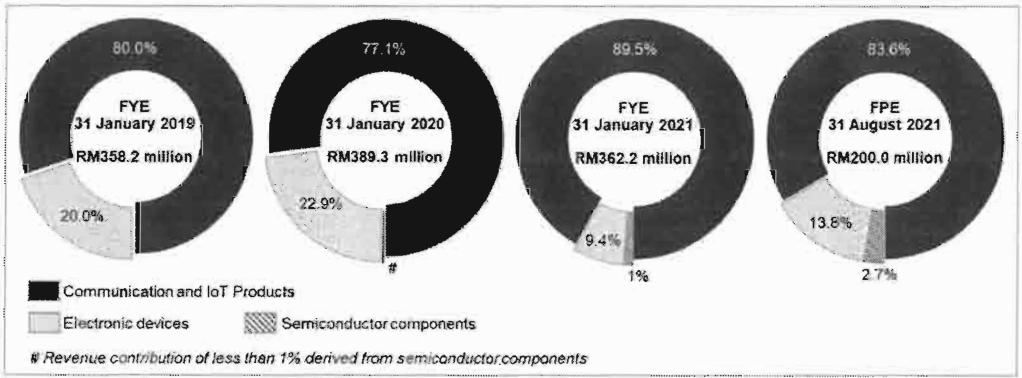
7.1.1 Our manufactured product categories

For the FYE Under Review, FPE 31 August 2021 and up to the LPD, the electronic parts and products for which we carried out EMS as well as their respective applications are as follows:

Product	Application
Communications and IoT products	• subassemblies for communication devices and accessories; • box build for communication devices and accessories as well as IoT wireless asset tracking devices; and • system build for train communication interface units

Product	Application
Electronic devices	• PCBA for telematic instrumentation, power management and control devices, power converters, lighting control units, lighting systems, and radiofrequency generator; • subassemblies for power and energy management and control devices; and • box build products for telematic instrumentation, power and energy management and control devices, and optoelectronic devices
Semiconductor components	• Multicomponent IC, namely IoT module

Our revenue by product categories are as follows:



7.1.2 Principal market of our operations and geographical markets served

We principally operate in Malaysia to serve customers in Malaysia and foreign countries. For the FYE 31 January 2021, our customer base spread across eleven countries covering Asia Pacific, the Americas and Europe.

The top three countries by revenue contribution were the USA, Malaysia and Singapore which collectively accounted for 93.6%, 92.7%, 89.3% and 88.5% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 and FPE 31 August 2021 respectively. The breakdown of our revenue by geographical markets for the FYE Under Review and FPE 31 August 2021 is as follows:

	FYE 31 January						**FPE 31 August**	
	2019		**2020**		**2021**		**2021**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Asia Pacific								
Malaysia	111,820	31.2	133,345	34.3	142,707	39.4	65,156	32.6
Singapore	47,603	13.3	76,796	19.7	24,972	6.9	19,622	9.8
Australia	1,787	0.5	2,979	0.8	225	0.1	259	0.1
Hong Kong	882	0.2	1,757	0.4	7,971	2.2	7,338	3.7
China	803	0.2	1,141	0.3	430	0.1	534	0.2
Sub-total	**162,895**	**45.6**	**216,018**	**55.5**	**176,305**	**48.7**	**92,909**	**46.4**

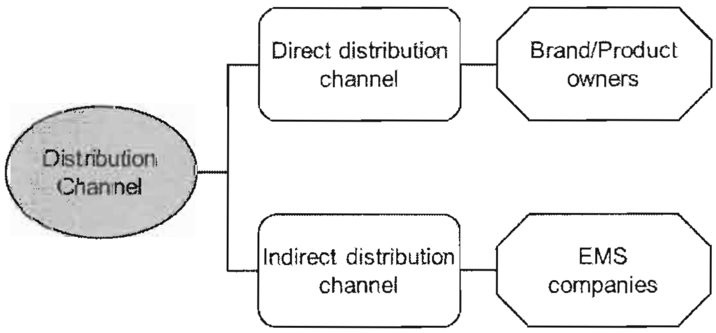
	FYE 31 January						FPE 31 August	
	2019		2020		2021		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Americas								
USA	175,805	49.1	150,487	38.7	155,641	43.0	92,174	46.1
Brazil	906	0.3	365	*	215	*	-	-
Sub-total	**176,711**	**49.4**	**150,852**	**38.7**	**155,856**	**43.0**	**92,174**	**46.1**
Europe								
Germany	15,131	4.2	18,544	4.8	23,548	6.5	9,763	4.9
UK	3,434	1.0	3,753	1.0	2,208	0.6	-	-
Lithuania	-	-	127	*	2,231	0.6	1,808	0.9
France	-	-	11	*	2,017	0.6	3,384	1.7
Sub-total	**18,565**	**5.2**	**22,435**	**5.8**	**30,004**	**8.3**	**14,955**	**7.5**
Total revenue	**358,171**	**100.0**	**389,305**	**100.0**	**362,165**	**100.0**	**200,038**	**100.0**

Note:

* *Less than 0.1%*

7.1.3 Major customers and distribution channels

We use both direct and indirect distribution channels for our sales and marketing activities, as follows:



We mainly use direct distribution channel where we market and secure contracts directly with customers who are mainly brand and/or product owners. Our direct distribution channel represented 71.6%, 70.3%, 63.9% and 70.0% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively. Our direct distribution channel strategy focuses our sales and marketing activities directly with the ultimate decision makers, which enable us to work closely with our customers to meet their technical specifications and requirements, as well as business objectives.

A direct distribution channel enables us to target the brand and/or product owners as part of our strategy to cultivate long-term business relationships with our customers. This is important to facilitate our involvement in the early stages of any new product development or product enhancement. In addition, we have an in-house dedicated team of 12 personnel to assist customers in product development and enhancement where we are involved in the engineering support including prototyping process prior to mass production. Working closely with the customers will facilitate better production planning and scheduling to optimise machine and equipment usage particularly for new projects.

We also use indirect distribution channel where our customers are mainly EMS companies and where our products represent a part of their finished products. Indirect distribution channel accounted for the remaining 28.4%, 29.7%, 36.1% and 30.0% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 and FPE 31 August 2021, respectively.

The breakdown of our revenue by distribution channels and customer types for the FYE Under Review and FPE 31 August 2021 is as follows:

	FYE 31 January						**FPE 31 August**	
	2019		**2020**		**2021**		**2021**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Direct distribution								
Brand/product owners	256,617	71.6	(1)273,626	70.3	230,934	63.8	140,070	70.0
Others(2)	-	-	118	*	388	0.1	-	-
Sub-total	**256,617**	**71.6**	**273,744**	**70.3**	**231,322**	**63.9**	**140,070**	**70.0**
Indirect distribution								
EMS companies	101,450	28.4	115,545	29.7	130,838	36.1	59,968	30.0
Distributor and importer(3)	104	*	16	*	5	*	-	-
Sub-total	**101,554**	**28.4**	**115,561**	**29.7**	**130,843**	**36.1**	**59,968**	**30.0**
Total	**358,171**	**100.0**	**389,305**	**100.0**	**362,165**	**100.0**	**200,038**	**100.0**

Notes:

* *Less than 0.1%*

(1) *Includes sales of PCBA relating to instrumentation telematics amounting to RM0.2 million to an importer in China as per customer's instruction in the FYE 31 January 2020.*

(2) *Refers to sales of lighting system to customers who are warehouse management companies for their own use in the FYEs 31 January 2020 and 31 January 2021.*

(3) *Includes sales of lighting system to an electrical distributor in the FYEs 31 January 2019, 31 January 2020 and 31 January 2021.*

7.1.4 Mode of operations

We mainly enter into agreements with our customers. As at the LPD, we have entered into agreements with 10 subsisting customers. See Section 7.22 of this Prospectus for further details on the agreements which we are materially dependent upon that we have entered into with our customers.

The agreements enable the establishment of business relationships with the respective customers while setting out the general terms and conditions of our scope of services with their respective validity periods. The agreements do not oblige the customers to place orders. As and when required by our customers, our customers will issue purchase orders for our acceptance of the order. As such, revenue are dependent on the issuance of purchase orders by customers at customers' discretion. Our customers generally do not enter into long term purchase commitments with us.

There is no guarantee that purchase orders will be issued during the validity periods of the agreements. For the FYE Under Review and FPE 31 August 2021, we have not experienced a situation where we did not get any purchase orders during the validity periods of the agreements.

During the FYE Under Review, FPE 31 August 2021 and up to the LPD, most of our customers' purchase orders include input materials. In most situations, we are required to procure input materials from our customers' approved suppliers.

7.2 COMPETITIVE STRENGTHS

Our competitive strengths which we expect will provide us with the platform to sustain and grow our business are as follows:

7.2.1 We provide a one-stop manufacturing solution for industrial electronic products

We have the capabilities to carry out manufacturing services for PCBA, subassemblies as well as box build and system build of finished products. From this perspective, we offer an end-to-end EMS solution to provide convenience to our customers including the following:

- engineering support services that are carried out in collaboration with our customers during the early stages of new or enhanced product development where we are involved in their product design including design for manufacturability and test process optimisation, prototyping as well as development of test software;

- manufacturing services including assembly focusing on SMT for PCBA supplemented by offline assembly and related manufacturing activities such as auto insertion, soldering including manual high melting point and gold soldering as well as mechanical assembly up to system integration;

- customised test development and implementation for inspection and testing including some combination of in-circuit tests, board level tests, functional tests and other special tests and inspections. We have in-house expertise in designing jigs and tools, and software programing to support our customised test development; and

- other services include supply chain management to coordinate procurement of input materials and inventory management to meet production schedules and fulfillment of customer orders, labelling, packaging and final shipment.

See Section 7.6.3 of this Prospectus for further details of our end-to-end EMS solution.

We have SMT, PTH and supporting facilities and capabilities to carry out EMS in a timely manner. As at the LPD, we have 11 SMT lines and two (2) units of auto-insertion PTH machinery and equipment supported by two (2) robotic soldering machine, two (2) units of in-circuit testing machine, two (2) units of x-ray inspection system and one (1) unit of x-ray counting system. Our SMT lines have fine-pitch placement capability to handle micro components with high speed and precision placement capabilities of various processes including solder paste printing, pick and place, reflow and AOI inspection processes. We have the ability to handle various component sizes with a minimum micro component size of 008004" (0.25 mm x 0.125 mm) and up to large component size of 74 mm x 74 mm and average placement tolerance of 25-micron accuracy. This allows us to handle a range of EMS requirements from our customers. See Section 7.6.3.2 of this Prospectus for further details of the capabilities of our SMT lines.

Our final products are in various forms including semi-finished products such as PCBA and subassemblies, and finished products such as box builds and system builds. We can offer customers a complete end-to-end solution from concept to high volume board assembly up to finished products supported by our value engineering support services and to customise test programmes which enables us to handle a range of EMS requirements from our customers.

7.2.2 We have an established track record of 28 years and have evolved our skills and facilities to meet the needs of the electronics industry

We have an established track record that spans 28 years as an EMS provider since the commencement of our business operations in 1993. Over the years, our business especially our technical team, as well as our manufacturing facilities and capabilities, have successfully evolved in tandem with the advancement of the electronics industry as electronic products require more processing power and functions combined with continuing miniaturisation. Since 2017, we have placed emphasis on automation in our manufacturing processes where we have implemented scalable automation processes for our electronics manufacturing operations focusing on testing and inspection as well as the use of IoT based AGV for material handling. As we progress towards higher automation, we have developed and implemented our MES in April 2018 to support our manufacturing operations. This also meant that our personnel's skills, and machinery and equipment are continually upgraded to match the evolvement of products being manufactured. During the FYE 31 January 2020, we started to expand our product portfolio to include the manufacturing of semiconductor components in line with our strategy to move up the manufacturing value chain to incorporate manufacturing of semiconductor components.

We have also developed and established a long term customer base where four (4) out of our top five (5) major customers have been dealing with us between 10 years to 28 years since we commenced business. Our market coverage of customers includes Asia Pacific, the Americas and Europe. Our numerous awards and recognitions from various customers are testaments of our track record and performance. For further details of our awards and recognitions, see Section 7.17 of this Prospectus.

We believe our established track record provides us with the platform to continue addressing growth and opportunities within the electronics industry.

7.2.3 We have the expertise, facility and trained technical personnel certified to carry out high melting point and gold soldering

We carry out manual high melting point and gold soldering as part of our board assembly process. This is for low volume, high value jobs. For the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 and FPE 31 August 2021, revenue derived from products that involved high melting point and gold soldering as part of the board assembly process amounted to RM49.1 million (13.7% of our revenue), RM80.9 million (20.8% of our revenue), RM28.6 million (7.9% of our revenue) and RM22.8 million (11.4% of our revenue), respectively.

High melting point and gold soldering are required for PCBA in equipment used in remote, harsh, hazardous and high temperature conditions including monitoring and logging tools used in oil and gas wells. The equipment used is expected to work continuously for a long time as it is difficult and expensive to reach the device to replace any faulty PCBA.

We are able to perform high melting point soldering for working temperatures between 430 degrees Celsius ("**°C**") and 450°C. Gold soldering is used due to its good conductivity, tolerant to high temperatures, resistance to tarnish and is durable. As at the LPD, we have a team of 137 skilled personnel that holds the IPC-A-610 Class 3 certification including 12 skilled personnel certified to carry out high melting point soldering and 5 skilled personnel certified to carry out gold soldering manually. The remaining 120 personnel mainly carry out any mechanical assembly and inspection as required.

Our track record in carrying out manual high melting point and gold soldering for PCBA is a key advantage for us to potentially secure new orders and customers while sustaining existing customers.

7.2.4 Our geographical coverage across ten foreign markets provides us with the platform to continue to address export market opportunities

For the FPE 31 August 2021, we serve customers across eight foreign markets in Asia Pacific, the Americas and Europe. Revenue derived from foreign markets collectively accounted for 67.4% of our revenue for the FPE 31 August 2021 and this was contributed by the USA (46.1%) Singapore (9.8%), Germany (4.9%), Hong Kong and China (3.9%), France (1.7%), Lithuania (0.9%) and Australia (0.1%). This demonstrates our ability to tap into various foreign markets which provides us with the platform to address business opportunities in these countries. See Section 7.1.2 of this Prospectus for further details of geographical markets that we serve.

According to the IMR, Malaysia is an exporter of E&E products where the value of exports from this sector amounted to RM386.1 billion in 2020. In 2020, the value of gross exports of E&E products increased by 3.5% compared to the previous year. This was mainly due to higher exports of electronic integrated circuits, apparatus for transmission or reception of voice, images and data as well as parts for electronic integrated circuits to support work from home practice.

For the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, the USA continued to be our largest foreign market in terms of revenue contribution having accounted for 49.1%, 38.7%, 43.0% and 46.1% of our revenue, respectively. According to the IMR, the USA is one of Malaysia's major export destination which accounted for 13.7% of Malaysia's export of E&E products with value of exports amounting to RM52.8 billion in 2020. The export value of E&E products to the USA increased at a CAGR of 4.3% between 2016 and 2020. The growth in demand for E&E products in the USA will continue to provide growth opportunities for our business operations.

7.2.5 We have quality programmes and certifications including ATEX certification to substantiate our commitment to product and service quality

As an EMS provider handling very small components and placing them with high precision and speed, invariably the quality of our products is of paramount consideration to customers. In this regard, we have various certifications to substantiate our ability to meet the quality standards and expectations of our customers. Our quality programmes and certifications include ANSI/ESD S20.20, ISO 14001, EN ISO 13485, IATF 16949, ISO 9001 and ISO 45001.

In addition, we have 137 employees who have successfully obtained and hold the IPC-A-610 Class 3 certification as at the LPD.

The ATEX (Atmosphères Explosives) Certification is a European Union certification for equipment intended for use in a potentially explosive atmosphere. In general, our ATEX certified radio communication equipment is manufactured based on a stringent set of requirements to reduce or eliminate the risk of generating even the tiniest spark as well as to ensure heat produced by the device is limited. This is because in hazardous environments such as on oil and gas rigs and platforms, and inside mining shafts or chemical plants, even the tiniest spark or heat could ignite gases and cause explosions.

Our ability and track record in manufacturing products that comply with stringent requirements demonstrate the quality of our work to serve as a reference point to secure contracts from new customers.

7.2.6 We have MES and abilities to develop customised test programmes, which enable us to provide value added services to our customers

Our MES

Our production facility in Kulim Hi-Tech Park is fully integrated with our in-house designed and developed MES. It is a real time production monitoring system that tracks our production process. The main objective of our MES is to ensure that end-to-end manufacturing processes are based on pre-determined detailed workflow. This enables us to efficiently and effectively convert customer orders into instructions for the manufacturing process which facilitates our factory floor operators to follow these instructions on a step-by-step basis to minimise human errors.

Our MES also enables full traceability where it can trace and identify all material movements and manufacturing processes carried out for all components and products that pass through our production facility. We can remotely check the status of the purchase orders in real time from anywhere in the world. Most customers can also check the quality of production performed through various machine-generated reports. See Section 7.15 of this Prospectus for further details of our MES.

As an EMS provider, our MES provides us with a key differentiating factor to create greater transparency among existing customers, and also serves as an added advantage to attract new customers.

Our abilities in developing customised test programmes

Aside from providing EMS services for communication devices, we also have in-house technical expertise to develop test programmes including software coding to test communication devices such as IoT devices that use various communications protocols such as global positioning system (GPS), Zigbee, Bluetooth, Wifi as well as mobile cellular communications protocol from third generation (3G) up to fifth generation (5G) wireless standard.

In addition, we are also able to develop test programmes for power supply management incorporating tests for safety, power leakage and power isolation, as well as to carry out burn-in test.

Our ability to design and code test programs and to carry out testing of, among others, communication devices, is a key competitive advantage as we are able to provide a one-stop manufacturing solution for the convenience of our customers. This ability has helped consolidate our position as an EMS provider for communication devices supported by our track record of 28 years of manufacturing communication devices since we commenced business in 1993.

See Section 7.6.3.2(c) of this Prospectus for further details on our test programmes.

7.2.7 We have an experienced management and technical team to lead, manage and grow our business and a succession plan in place

We have an experienced management team headed by our Executive Director and Group Chief Executive Officer, LCY, who has at least 42 years of operational knowledge of the manufacturing industry including 17 years in the electronics manufacturing industry, and our Executive Director and Group Chief Financial Officer, LHC, who brings with him 28 years of experience in operational as well as finance and accounting related functions within the electronics manufacturing industry.

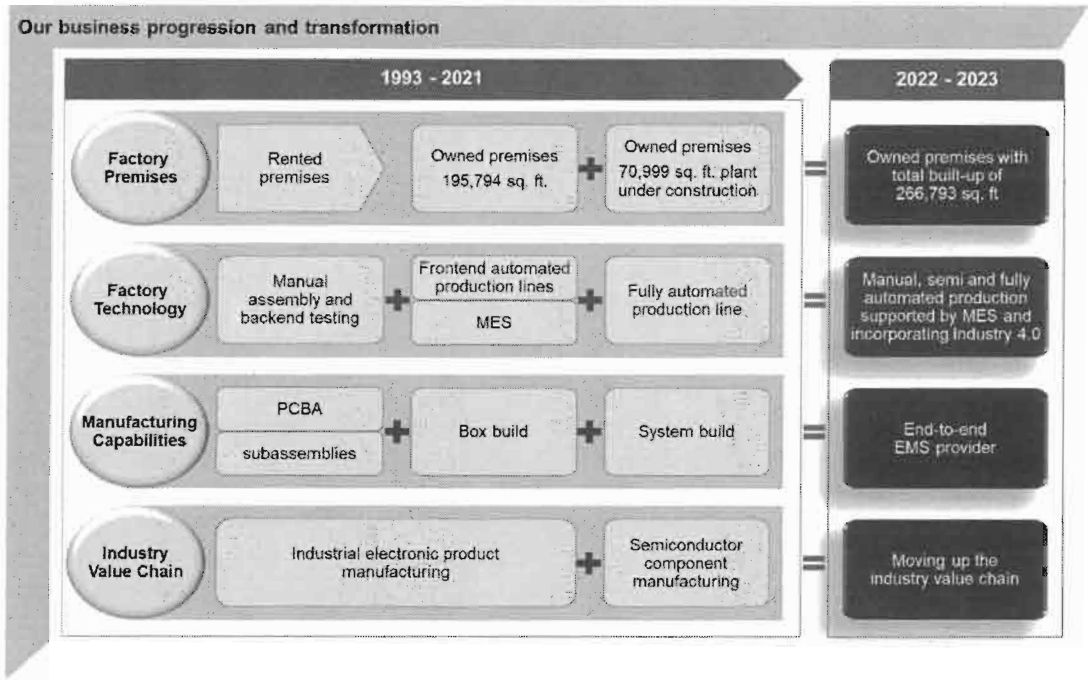
They are supported by our key senior management team as follows:

- Chong Kean Seong, our Senior Director of Operation with 24 years of experience in the electronics manufacturing industry;
- Seah Chin Sen, our Senior Director of Supply Chain Management with 27 years of experience in managing supply chains in the electronics manufacturing industry;
- Chieng Chee Boon, our Senior Director of Quality Assurance and Manufacturing Planning with 24 years of experience in quality assurance in the electronics manufacturing industry;
- Khoo Boo Eng, our Director of Business Development with 30 years of experience in the electronics manufacturing industry comprising 20 years of experience in sales and business development and 10 years in product development;
- Hafiz Bin Hashim, our Director of Test Systems Engineering with 28 years of experience in development of test systems in the electronics manufacturing industry; and
- Valli Kumaran A/L Ramachandran, our Director of Finance with 24 years of experience in accounting and finance within the electronics manufacturing industry.

In addition, we have a clear succession plan in place to ensure business continuity. See Section 9.8 of this Prospectus for further details of the management succession plan.

7.3 OUR BUSINESS PROGRESSION AND TRANSFORMATION

Since our business commenced in 1993, we have progressed and transformed our business to meet the evolving changes in the electronics manufacturing industry as well as to support our business operations, growth and strategies.



- **Factory premises**: We have been operating at our owned premises in Kulim Hi-Tech Park, Kedah since 2000. As at the LPD, we are expanding our facilities to cater to business growth. This expansion in manufacturing facilities is mainly to cater to the expansion of our relatively new manufacturing of semiconductor components.

- **Factory technology**: Over the years, our factory technology has also progressed where we have increasingly automated our manufacturing processes. This is mainly to reduce human intervention for critical processes to maintain product quality. Besides, this also caters to evolving changes in electronic products requiring faster throughput, miniaturisation and precision while maintaining a high level of product quality. As such, we are continually transforming our manufacturing facilities and capabilities towards higher levels of automation.

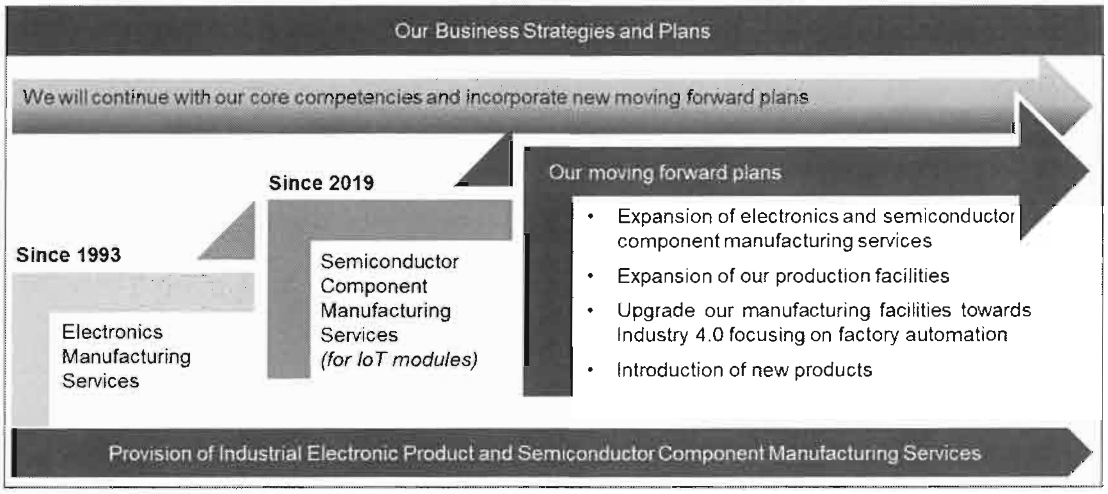
  In this respect, our manufacturing capabilities expanded from our initial manual assembly to frontend automated SMT lines and subsequently becoming a full automated production line incorporating frontend SMT and backend testing and packing for some of our production lines. As we progress towards higher automation, we have developed and implemented MES in April 2018 to support our manufacturing operations. Our MES is to ensure that our end-to-end manufacturing processes are based on pre-determined detailed workflow. This enables us to efficiently and effectively convert customer orders into instructions for the manufacturing process which facilitates our factory floor operators to follow these instructions on a step-by-step basis to minimise human errors. Overall, our progression in the technology value chain towards higher levels of automation is part of our aim to embrace the concept of Industry 4.0 in our manufacturing processes. See Section 7.6.3 of this Prospectus for further details of our manufacturing activities.

- **Manufacturing capabilities**: Our manufacturing capabilities have also progressed and transformed from manufacturing electronic parts in the form of PCBA and subassemblies, to include end-to-end manufacturing of box build and system build finished products. In addition, we provide engineering support services in collaboration with our customers during their product development process. Our end-to-end electronics manufacturing provides customers with convenience as they only need to liaise with us for their products. See Sections 7.6.1 and 7.6.2 of this Prospectus for further details of our products.

- **Industry value chain**: We have progressed and transformed our business to offer semiconductor component manufacturing services as an additional new service offering commencing during the FYE 31 January 2020. This marks a key milestone for us as this represents our move up the value chain to incorporate semiconductor component manufacturing, which precedes electronics manufacturing in the value chain. Moving forward, we will continue to expand our business focusing on manufacturing of industrial electronics products and semiconductor components. See Section 7.4 of this Prospectus for further details of our future plans and strategies.

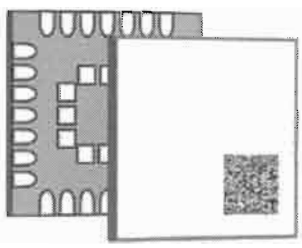
7.4 FUTURE PLANS AND STRATEGIES

Moving forward, we will continue to strengthen and leverage from our core competency in providing EMS for industrial electronic products as well as continue on our expansion into semiconductor component manufacturing services and other areas to support our business growth. A summary of our business strategies and plans are depicted below:



7.4.1 Expansion into semiconductor component manufacturing

Semiconductor component manufacturing services for multicomponent IC



During the FYE 31 January 2020, we expanded our services into a new segment, namely semiconductor component manufacturing for multicomponent IC, which is used in electronic devices. In August 2019, we secured an electronics manufacturing service agreement with Customer F for multicomponent IC in the form of an IoT module for wireless machine-to-machine communications. Customer F is a public listed company which is listed on the Shanghai Stock Exchange with its headquarters in China. See Section 7.22 of this Prospectus for further details of Customer F.

As part of the process for new product introduction, we have an in-house dedicated team to work with our customer to carry out the first article build covering various aspects in the new product manufacturing process such as review of engineering documentation and machinery requirements, verification of manufacturing processes and quality verification of input materials and parts, as well as performing first article inspection. The first article inspection is required during the new product introduction process to ensure that the manufacturing process is able to deliver products that consistently meets the required specifications. This inspection involves the measurement of properties of an initial sample against the specifications and the conduct of various tests including checking whether a correct component has been used, whether a component is in the defined location and positioned correctly. The new product manufactured through this process will be sent for a reliability test carried out by customer before mass production can commence. This entire process typically takes up to two (2) months for each different product or models and requires us working closely with the customer to facilitate better production planning and scheduling to optimise machine and equipment usage.

We had gone through the above process with Customer F prior to securing the electronics manufacturing service agreement with Customer F and before we commence mass production for Customer F.

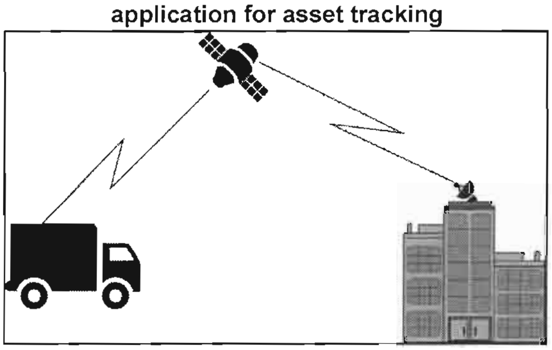
For the FPE 31 August 2021, revenue from EMS for semiconductor components namely multicomponent IC for IoT modules accounted for 2.7% of our revenue. Since commencement of mass production for the EMS for the approved models of semiconductor components during the FYE 31 January 2020 and up to the FPE 31 August 2021, a total of 3.0 million multicomponent IC has been manufactured and delivered to our Customer F.

As at the LPD, our semiconductor component manufacturing is currently supported by our four (4) dedicated production lines for Customer F which comprise four (4) SMT lines, four (4) AGVs, and automated backend inline testing and packing. The SMT lines consist of automated frontend, from the loading of PCB until after the AOI of the post-reflow of the PCBA, and follow through to the backend automated testing and packing, and supported by AGV for automated material handling.

The IoT modules we manufacture are designed to be incorporated into PCBAs to be installed in devices to enable machine-to-machine communications using wireless technology. Some of the functions of devices that incorporate IoT modules similar to ours are illustrated below:

- Tracking of assets including vehicles, containers and ships; and
- Real-time data collection, monitoring, processing and transmission using wireless and mobile technologies.

Example of an IC module used in an IoT application for asset tracking



As part of our strategies, we envisage having a total of seven (7) production lines dedicated to semiconductor component manufacturing for Customer F by the end of 2023. We continue to serve Customer F where we carry out the EMS for multicomponent IC namely IoT modules for them and we envisage increased demand moving forward as per mutual understanding with Customer F in terms of the quantity they require and taking into consideration the prospects of the industry including the projected growth of the semiconductor and electronics market in the near term as set out in Section 8 of this Prospectus.

We envisage our annual capacity for semiconductor component manufacturing will increase progressively from approximately 2,568 million placement points as at the LPD to approximately 4,494 million placement points by the end of year 2023. The installation milestones of the seven (7) production lines comprising SMT lines, AGVs, and automated backend inline testing and packing are set out below:

Production lines	**Installation timeline**			**Current/expected annual capacity**
	As at the LPD	**2022**	**2023**	
				million placement points
Line 1	Installed			642
Line 2	Installed			642
Line 3	Installed[(1)]			642
Line 4	Installed[(1)]			642
Line 5		✓		642
Line 6		✓		642
Line 7			✓	642
Total				**4,494**

Note:

(1) We have placed orders for two (2) production lines comprising two (2) SMT lines and two (2) AGVs. The installation for the two (2) production lines were completed in August 2021 and October 2021 respectively. As for the two (2) sets of the automated backend inline testing and packing, these will be provided by Customer F.

See Section 7.4.2 (b) of this Prospectus for further details of the purchase of machinery and equipment.

7.4.2 Expansion of our production facilities

(a) Construction of a new manufacturing plant

Our existing manufacturing plant is located in Kulim Hi-Tech Park, Kedah with a total land area of 10.04 acres. The available manufacturing floor space of our existing manufacturing plant is approximately 78,361 sq. ft., which houses our machinery and equipment including nine (9) SMT lines as well as warehousing facilities. Our utilisation of capacity was 89%, 91%, 94% and 93% for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

As at the LPD, we have commenced the construction of a new manufacturing plant on the vacant land of approximately three (3) acres, adjacent to our existing manufacturing plant. This vacant land forms part of the entire land of approximately 10 acres leased to BCM Electronics for a period of 60 years, commencing from 29 October 1996 and expiring on 28 October 2056. The new single-storey manufacturing plant's footprint is 61,909 sq. ft..

Our existing and new manufacturing plant under construction

This new manufacturing plant will be used for the following:

- Expansion of our EMS operations by increasing our manufacturing floor space by approximately 69% to 132,821 sq. ft. upon commencement of production in the first half of 2022; and

- Development of a new product, namely lithium-ion battery pack system for light vehicles.

Together with the new manufacturing plant and expansion of production lines, our manufacturing plants will house a total of 15 SMT lines by the end of 2023. With the new production lines, our annual capacity will increase by 198.7% to 5,870 million placement points by the end of year 2023 (the FYE 31 January 2024) from 1,965 million placement points for the FYE 31 January 2021. Our new production lines with increased capacity are envisaged to meet the expected increased demand from our customers, mainly Customer F as per our mutual understanding with Customer F in terms of the quantity they require and taking into consideration the prospects of the industry including the projected growth of the semiconductor and electronics market in the near term as set out in Section 8 of this Prospectus.

The key milestones for the construction of our new manufacturing plant are as follows:

1st half of 2021	• Commenced building construction in May 2021*
2nd half of 2021	• Approval of planning permission and building plan*
	• Expected completion of physical building construction
	• Target submission for certificate of completion and compliance ("**CCC**")
	• Expected commencement of installation of machinery and equipment which will be carried out in stages
1st half of 2022	• Expected approval and issuance of the CCC (by first quarter of 2022)
	• Expected commencement of operations

Note:

* *The application of planning permission and building plan was submitted to Pihak Berkuasa Tempatan Taman Perindustrian Hi-Tech Kulim ("**PBT-TPHTK**") on 9 March 2021 and conditional approval was obtained from PBT-TPHTK on 18 March 2021. With the conditional approval from PBT-TPHTK, the Notice of Commencement of Work ("**Notice**") was submitted and acknowledged by PBT-TPHTK on 30 March 2021. Subsequent to the architect's request, PBT-TPHTK issued a letter dated 28 June 2021 confirming the Notice. Industrial projects at the Kulim Hi-Tech Park are allowed to commence construction work after the Notice has been acknowledged by PBT-TBPHTK while the authorities simultaneously process the planning permission and building plan approvals.*

The total cost for the construction of the new manufacturing plant of RM18.0 million is to be funded via internally generated funds and bank borrowings. As at the LPD, we commenced the construction of a new manufacturing plant and is expected to be completed by end of 2021 with planned commencement of operation by first half of 2022. Pursuant to Phase 1 of the NRP, the construction was temporarily suspended between 1 June 2021 until 11 August 2021 upon the receipt of approval from the MITI to recommence the construction. Notwithstanding, the expected completion date remains by end December 2021. However, in the event of any re-imposition of the FMCO condition, this may have an impact on the timing to complete the construction of the new manufacturing plant.

(b) Purchase of new machinery and equipment

As part of our on-going expansion plans, we have placed orders for two (2) production lines including SMT lines and AGVs. The installation for the two (2) production lines was completed in August 2021 and October 2021 respectively. In this respect, we will have a total of 11 SMT lines by end 2021. See Section 7.4.1 of this Prospectus for further details of these two (2) lines.

As part of our strategies, we intend to further expand our production facilities and invest in four (4) new production lines (two (2) each in 2022 and 2023) to cater to the expected business expansion and growth of our EMS services pursuant to expected increase in demand from our customers, mainly Customer F based on our mutual understanding in terms of the quantity they require and taking into consideration the prospect of the industry including the projected growth of the semiconductor and electronics market in the near term as set out in Section 8 of this Prospectus. In this respect, we will have a total of 15 SMT lines by end 2023. With the new production lines, our annual capacity will increase by 198.7% to 5,870 million placement points by end of 2023 (FYE 31 January 2024) from 1,965 million placement points for the FYE 31 January 2021.

The new production lines will consist of the following machinery and equipment:

(i) SMT lines

We plan to purchase four (4) new SMT lines consisting of inline machinery and equipment for solder paste, pick and place, solder reflow, AOI and related equipment. The new SMT lines will be used for our manufacturing services to perform automated assembly.

The expected timeline for the purchase and installation of the four (4) SMT lines and the target products are as follows:

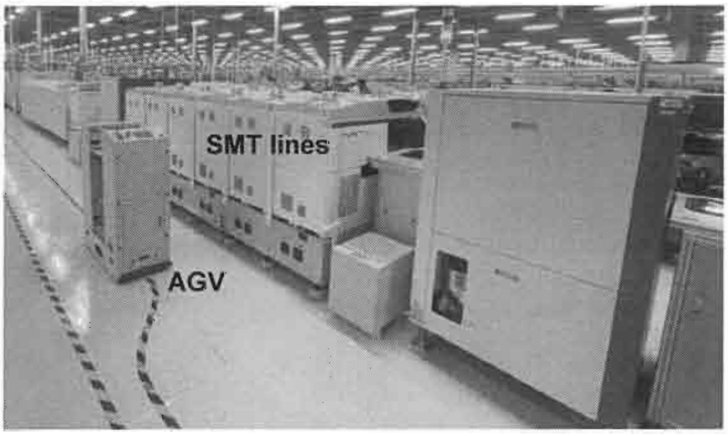
- three (3) SMT lines dedicated to semiconductor component manufacturing for Customer F progressively between March 2022 and June 2023; and

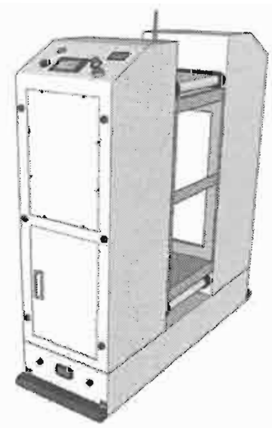
- one (1) SMT lines for EMS focusing on industrial electronics by January 2023.

(ii) Automated material handling system

In line with the national policy on Industry 4.0, we will gradually upgrade our manufacturing facilities to meet the Industry 4.0 framework. As such, we plan to automate some aspects of our material handling applications in our production operations. In 2020, we commenced the utilisation of two (2) AGVs to perform loading and unloading processes in our SMT lines.

Our AGV on the factory floor





Part of our plans is to expand our automation in material handling to use AGV to perform all tasks relating to the loading of input materials at the loading stations of our production area. Magnetic tapes will be placed on the floor to provide guided pathways for the AGV. Our AGV also use self-navigation technology with indoor positioning system as part of the guiding system. The AGV system has built-in sensors to take the correct pathway, determine when to slow down and where to stop for loading or unloading. The AGV also has bumper sensors and cameras to avoid damage to property and collision with people, and robotic arms to load PCB and component tape reels onto the SMT machinery and equipment.

The benefits of using the AGV system incorporated into our manufacturing process are as follows:

- able to safely handle electrostatic sensitive components;
- eliminate human error to increase workplace safety, and minimise damage to property and products when transporting materials;
- reduce product defect rate and downtime that may arise due to wrong or improper manual loading of PCB and component tape reel onto machinery and equipment;
- reduce the use and dependency on manual labour; and
- improve the timeliness, efficiency and safety of transporting materials in the production area.

We plan to purchase three (3) additional new AGVs between 2022 and 2023 to support our three (3) new SMT lines dedicated to semiconductor component manufacturing for Customer F.

(iii) Automated backend inline testing and packing

As at the LPD, we have four (4) automated production lines incorporating four (4) frontend SMT and two (2) sets of backend testing and packing for the production of IoT modules. In addition, there are two (2) sets of backend testing and packing to be installed by end 2021.

Part of our plans is to purchase three (3) new additional SMT lines which will incorporate the automated backend inline testing and packing into the automated production lines for semiconductor component manufacturing.

Automated production lines

For an end-to-end semiconductor component production line, there will be one (1) set of two (2) automated inline testing and packing for each of the SMT lines. The automated inline testing consists of multiple stations that use robotic arms to perform various final product testing. Once the products are fully tested, they are passed over to the inline packing station and will be automatically packed ready for storage and delivery. As part of our future expansion plans for the three (3) new production lines, we will invest in one (1) set of automated backend inline testing and packing through internally generated funds, and another two (2) sets will be provided by Customer F.

The total cost for the purchase of machinery and equipment for our four (4) new production lines is estimated at RM43.3 million, RM40.0 million of which will be funded by the proceeds from the Public Issue and the remaining RM3.3 million to be funded via internally generated funds and/or bank borrowings.

7.4.3 Upgrade our manufacturing facilities towards Industry 4.0

In line with the Government's emphasis on Industry 4.0, we plan to upgrade our manufacturing facilities to adopt some aspects of Industry 4.0. In general, Industry 4.0 involves the use of technology including, among others, automation, artificial intelligence, IoT and real-time data to increase productivity and competitiveness of the manufacturing sector. This is part of the Government's intention to shift the manufacturing sector to focus on higher value processes. Our Group's plans to upgrade our manufacturing facilities are as follows:

(a) Automated material handling, testing and packing

Part of our strategies is to invest in new machinery and equipment focusing on expansion of automated production lines. This automated production lines will incorporate frontend SMT and backend testing and packing, and using AGV for automated material handling for our EMS business operations. See Section 7.4.2 (b) of this Prospectus for further details of the purchase of machinery and equipment for our automated production lines.

(b) Development and implementation of customised software and systems for factory automation

Part of our plans is to invest in software and system development and implementation to facilitate factory automation towards Industry 4.0. This is to create a network to link the manufacturing facilities including smart warehousing system and production operations. This will feature an end-to-end integration to facilitate automation for the entire production cycle with flexibility to reconfigure machines to produce customised products.

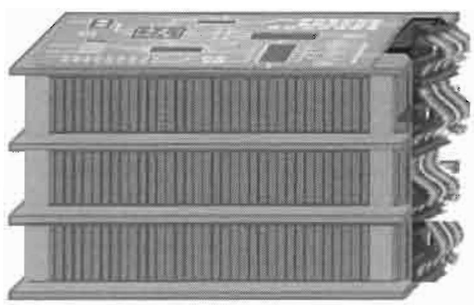
The total cost of customised development and integration of software and system is estimated at RM4.0 million which will be funded though internally generated funds and bank borrowings and timing for such plans are targeted to commence in the fourth quarter of 2021 and be completed progressively by fourth quarter of 2023.

7.4.4 Introduction of new products

(a) Development of lithium-ion battery pack system

As part of our business strategies, we intend to be an original design and brand manufacturer of lithium-ion battery pack system. This is to tap into the increasing use of green energy. The main function of the battery pack system is to be a storage device for electricity.

Lithium-ion battery pack system



We plan to manufacture lithium-ion battery pack system for use in light vehicles such as:

- golf carts;
- electric carts used in public areas such as airports, shopping malls, tourist attraction areas and theme parks; and
- material handling vehicles such as forklifts, AGV and mobile robots.

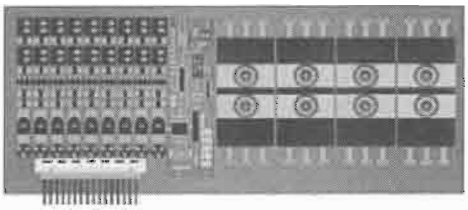
While we intend to purchase the lithium-ion battery cell as input material, we will develop all the other parts and components including the power management devices, the necessary interconnections between the power source and power usage devices, as well as various housings.

As at the LPD, we are working in collaboration with a third party for the development phase of the lithium-ion battery pack system. The thirty party is involved in providing technical consultancy and support services, including, among others, review of our product design and testing configurations, advising on compliance with safety specifications as well as selection and sourcing of materials. We aim to achieve the following specifications for our lithium-ion battery pack system firstly for golf carts:

- Half the weight of a traditional lead-acid battery pack system which is currently used in golf carts;
- Increase the number of charge cycles in comparison to traditional lead-acid battery pack system used on golf carts; and
- Charging speed of less than three (3) hours as compared to a lead-acid battery which requires approximately eight (8) hours for a full charge.

Development of our new product will cover the following areas:

PCBA for lithium-ion battery pack



- Design and assembly of PCB for power management including supply, control and protection;
- Design and manufacture of the housing for the battery pack system and all the necessary interconnections;
- Design of the electrical circuit for the battery pack, and interconnection of the battery pack to the PCBA, main power supply and power usage components within the vehicle where the battery pack will be housed;
- Select and procure suitable battery cells for assembly into a battery pack system; and
- Box build and system build assembly into the finished product.

We will be using our core competencies in the design and assembly of PCB as well as subassembly, box build assembly and system build assembly to the finished product which is the lithium-ion battery pack system. As at the LPD, we have completed the development of a prototype and are in the process of testing the product's functionality. We are preparing the applications for the relevant certifications required as at the LPD. We expect to commercialise the lithium-ion battery pack system by the end of 2022.

The estimated cost for the development of this new product is RM5.3 million and this is expected to be funded through internally generated funds from the FYE 31 January 2020 up to the FYE 31 January 2022. In December 2020, we obtained approval for an R&D grant from a government agency on a matching basis for the development of our lithium-ion battery pack system. The total grant is up to RM2.66 million comprising an R&D grant of up to RM2.22 million for the development of our lithium-ion battery pack system, product certification and registration grant of up to RM0.14 million, as well as training grant of up to RM0.30 million.

7.4.5 Total cost for our future plans and strategies

The total cost for our future plans and strategies is estimated at RM70.6 million and the details are set out below:

	Estimated cost	**Internal funds/ borrowings**	**Proceeds from the Public Issue**	**Expected timing to commence**
	RM'000	**RM'000**	**RM'000**	
New manufacturing plant				
Building construction	16,200	16,200	-	(2)May 2021
Others(1)	1,800	1,800	-	
Sub-total	**18,000(5)**	**18,000**	-	
New machinery and equipment				
(i) Three (3) production lines dedicated to semiconductor component manufacturing for Customer F				
Three (3) SMT lines	27,900	-	27,900	March 2022 - June 2023
Three (3) units of AGV	2,100	-	2,100	
One (1) set of inline automated testing and packing machinery and equipment(3)	4,000	3,300	700	March 2022
(ii) One (1) production line for industrial electronic manufacturing				
One (1) SMT line	9,300	-	9,300	January 2023
Sub-total	**43,300**	**3,300**	**40,000**	
Development and implementation of customised software and smart warehousing system				
Software and solutions	3,000	3,000	-	4th quarter 2021
IT Network and infrastructures	1,000	1,000	-	

	Estimated cost	Internal funds/ borrowings	Proceeds from the Public Issue	Expected timing to commence
	RM'000	**RM'000**	**RM'000**	
Introduction of new products				
Development of lithium-ion battery pack system	5,310(6)	(4)5,310	-	4th quarter - end 2022
Sub-total	**9,310**	**9,310**	**-**	
Total	**70,610**	**30,610**	**40,000**	

Notes:

(1) Includes professional fees such as architectural, engineering, quantity surveying and project management services and related cost such as permit and authority processing fees and charges.

(2) The construction commenced in May 2021 and the construction is expected to be completed by November 2021.

(3) The other two (2) sets of inline automated testing and packing machinery and equipment will be provided by our customer between March 2022 and June 2023.

(4) We obtained approval from a government agency for an R&D grant on a matching basis and part of the grant will be for the development of our lithium-ion battery pack system.

(5) As at the LPD, RM0.9 million has been incurred and funded through internally generated funds, and the remaining RM17.1 million will be funded through internally generated funds and bank borrowings.

(6) As at the LPD, RM0.2 million has been incurred and funded through internally generated funds and the remaining RM5.1 million will be funded through internally generated funds.

As at the LPD, we have not identified any acquisition targets, whether assets or companies, in the near future as it does not form part of our future plans and strategies.

7.5 Key events and milestones

The table below sets out the key events and milestones in the history and development of our Group's business and operations:

Year	Key event and milestone
1993 -1999	• Incorporation of BCM Electronics, formerly known as Bakti Comintel Manufacturing Sdn Bhd before assuming its present name on 18 August 1997. This was according to a technology transfer agreement between Motorola Inc and Comintel Sdn Bhd to jointly develop manufacturing capabilities for communication devices in Malaysia through BCM Electronics. BCM Electronics was then 30.0% owned by Comintel Sdn Bhd.

Year	Key event and milestone
	• We commenced operations in 1993, initially as a provider of SMT and sub-assembly services for industrial communication devices with one manual assembly line incorporating functional testing of communication products at rented premises in Prai, Penang.
	• In 1996, we expanded our portfolio of services by securing our first box build supply contract for industrial communication devices. Box build assembly incorporates the sourcing and procurement of materials and components, board assembly and carrying out mechanical box build assembly and testing of the finished product. This forms a key milestone in our company's expansion as an EMS provider.
2000 - 2010	• In 2000, we moved from rented premises in Prai, Penang to our current owned production facilities in Kulim Hi-Tech Park, Kedah with a total built-up area of 106,156 sq. ft.. Our facilities comprised seven (7) SMT lines with 20 backend assembly lines.
	• In 2000, we expanded our EMS to produce power control electronic devices namely direct current-to-direct current ("**DC-to-DC**") converter modules.
	• In 2003, we completed our factory expansion which increased our production built-up area by an additional 89,638 sq. ft..
	• Comintel Corporation completed its acquisition of 100.0% equity interest of BCM Electronics in 2004 from Power-One, Inc and Just Trading Sdn Bhd. Comintel Corporation together with BCM Electronics as one of its wholly-owned subsidiaries was listed on Bursa Securities.
	• Between 2000 and 2010, we expanded our production capacity by an additional 10 SMT lines, making it a total of 17 SMT lines.
	• In 2005, we participated in a joint-design development exercise with a customer in the design of an industrial wireless communication device.
	• Between 2005 and 2010, we expanded our products to include the following: - IoT wireless asset tracking devices for vehicle tracking application in 2007; - PCBA of instrumentation devices for the oil and gas industry in 2007 where we offered special engineering services including high melting point and gold soldering as part of the board assembly process; - PCBA of power control devices for lighting equipment in 2008 for a customer in the USA; and - power control devices for AC to DC power supply in 2009 to a customer in Australia.
2011 – 2020	• In 2016, we expanded our EMS services for LED lighting product by securing our first purchase order for the LED tunnel lighting. In the same year, we also commenced manufacturing of our own designed LED lighting for installation in warehouses.

Year	Key event and milestone

- In 2018, Comintel Corporation sold its 100.0% equity interest in BCM Electronics to MSH for a cash consideration of RM123.8 million.

- In 2018, we expanded our manufacturing services where we carried out board assembly, testing, subassembly and up to system calibration into a complete train communication interface unit. This system build product is to integrate with other systems installed in train carriages to communicate, monitor and transmit information between the train and a remote central monitoring centre.

- In 2019, we broaden our portfolio of services when we secured an electronics manufacturing services agreement for semiconductor components in the form of a multicomponent IC for communications IoT module. This marks a key milestone for us as we go up the value chain to incorporate semiconductor component manufacturing, while previously we were focused on industrial electronics products manufacturing. As at the LPD, we have four (4) specially designed and dedicated automated production lines for the IoT module manufacturing.

- In 2020, we continued to expand our EMS within the power control segment by securing a contract from a customer in France to manufacture a power module used in marine applications as well as supercomputers, which we commenced full-scale production in October 2020.

- In the same year, we secured another contract from a customer in China for the EMS to manufacture power control modules for DC-to-DC power supply.

- In December 2020, we obtained approval from a government agency for grants on a matching basis where the government agency will fund 50% of the following total expenditure:

  - A total grant of up to RM2.66 million comprising an R&D grant of up to RM2.22 million for the development of our lithium-ion battery pack system, product certification and registration grant of up to RM0.14 million, as well as training grant of up to RM0.30 million; and

  - A grant of up to RM2.11 million for modernisation and upgrading of facilities and equipment mainly for the automated material handling equipment as well as automated assembly and testing line.

  Pursuant to the approval, there was a grant agreement between the government agency and our subsidiary, BCM Electronics in relation to the disbursement of the grants mentioned above. The said agreement is dated 5 May 2021 and the agreement period is five (5) years from the date of this said agreement.

7.6 OUR OPERATIONS

As an EMS provider, we carry out manufacturing on behalf of product and/or brand owners, as well as other EMS providers. We manufacture two (2) types of industrial electronic products, namely electronic parts and products, and semiconductor components.

7.6.1 Electronic parts and products

7.6.1.1 Overview

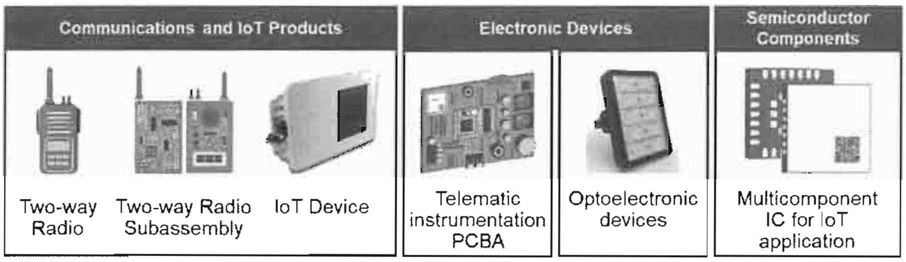
We provide manufacturing services for four (4) main categories of electronic items as follows:

- **PCBA**: These are electronic parts, which are subsequently incorporated into subassemblies or directly into finished products;
- **Subassembly**: These are semi-finished products comprising electronic components and non-electronic parts to become subassembly for incorporation into finished products;
- **Box build**: These are finished products where we provide end-to-end services including procurement of materials, board assembly into PCBA and up to the final assembly into a complete finished product; and
- **System build**: These are finished products comprising several box build products and subassemblies into a finished system. For system build products, we provide integration into a complete communication system.

Our products and their applications are as follows:

	Our Products			
Applications	**PCBA**	**Sub-assembly**	**Box Build**	**System Build**
Communications and IoT Products				
• Communication devices and accessories		✓	✓	
• IoT devices			✓	
• Train communication systems				
- Train communication interface unit				✓
Electronic Devices				
• Telematic instrumentation	✓		✓	
• Power and energy management and control devices				
- DC-to-DC converter	✓	✓		
- Digital power supply	✓	✓	✓	

Applications	Our Products: PCBA	Sub-assembly	Box Build	System Build
• Optoelectronic devices				
- LED lighting			✓	
- Lighting control unit	✓		✓	
• Radiofrequency generator	✓			
Semiconductor components				
• Multicomponent IC				
- IoT modules			✓	



7.6.1.2 PCBA

A PCBA is an electronic part comprising a PCB populated with semiconductor components as well as electrical and mechanical parts such as inductors, ports and connectors. Meanwhile, PCB is a substrate where one or both sides of the surface of the board are clad with a layer of copper. A circuitry is then formed through an etching process which leaves behind a network of copper circuitries.

A PCBA is designed to facilitate one or more functions of an electronic device, machine or equipment. Within a complete electronic product, there is typically one main PCBA known as the motherboard, to provide most of the key processing and control functions. There may be other PCBA to cater to other functions within a finished product.

We carry out the manufacturing services mainly for board assembly and testing for the following types of PCBA:

- rigid and flexible PCBA;
- single and double-sided PCBA; and
- multi-layer PCBA, from two (2) up to 14 layers.

Our customers typically provide us with the bill-of-materials and Gerber file that indicates the specific parts and components required, the number of each part required, and the location to place each of them on the PCB to become a PCBA. Most of the parts and components used in the PCBA are purchased from our customers' approved suppliers.

We mainly use SMT to place the discrete semiconductor components and IC packages onto the PCB. In some situations, we may use manual insertion for large parts such as power transformers, inductors, fans and ports to complete the PCBA.

7.6.1.3 Subassembly

Subassembly is a semi-finished product resulting from the assembly of electronic parts such as the PCBA with electrical, mechanical, metal and non-metal parts to form part of a finished electronic product. These parts include, among others, chassis, frames, power transformers, connectors, wire assemblies and mechanical switches.

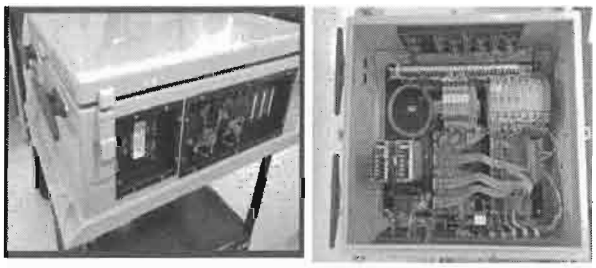
Subassembly is used to perform specific functions which are then incorporated into a larger product. One such example would be a power management system to manage the power supply, distribution, control and protection of the electrical system.

Our subassembly process is mainly manually facilitated by tools and equipment as we need to combine all the relevant parts. It is not practical to fully automate our subassembly process as we assemble a high mix of products. Depending on the purchase orders that we receive, we will need to reconfigure the setup of our tools and equipment. Our subassembly process also includes testing to ensure that all the parts that are assembled are in good working condition according to specifications.

7.6.1.4 Box build

We provide end-to-end manufacturing for box build finished electronic products where we procure materials, board assembly into PCBA, carry out subassembly up to finished product including labelling and packaging.

Box build products



The final assembly of the box build products is carried out manually to combine all the relevant parts. Our assembly process also includes testing to ensure that the finished products are in good working condition according to specifications.

7.6.1.5 System build

We also carry out manufacturing services for system build finished products where we procure materials, carry out board assembly into PCBA, subassembly and up to system integration process into a complete unit. The subassembly and integration of the system build products are carried out manually to combine all the relevant parts, devices and modules including configuration, electrical cabling and testing to ensure the system is working in accordance to specifications.

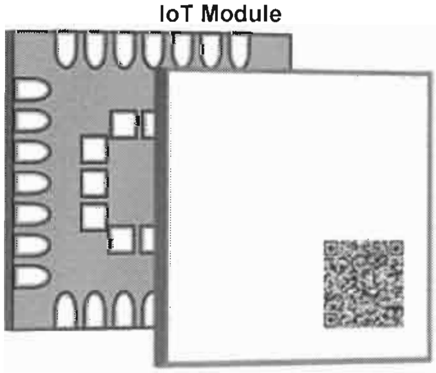
System build finished product - train communication interface unit

We commenced our manufacturing services for system build finished products in 2018. For the FYE 31 January 2021 and FPE 31 August 2021, our system build finished products were for the manufacture of train communication interface units that were part of the communication systems to be installed in train carriages to communicate, monitor and transmit information between the train and the remote control centre.

7.6.2 Semiconductor components

We manufacture semiconductor components in the form of multicomponent IC which comprises more than one IC package and other components such as sensors and transmitters. They are then shielded with metal to serve as an IoT module.

Our multicomponent IC serving as an IoT Module



The IoT modules are used for machine-to-machine communications using wireless technology. We commenced prototyping during the FYE 31 January 2020 and commenced mass production for the IoT modules during the FYE 31 January 2021. This IoT module can be incorporated into devices to perform IoT applications mainly for tracking and real-time data collection, monitoring, processing and transmission using wireless and mobile technologies.

In general, IoT modules have broad applications used in the following segments:

- telematics and transport segment for tracking of assets, vehicles and ships to extract information relating to driver behaviour and vehicle speed, fleet management, and usage-based insurance applications;
- energy segment for smart utility metering system for electricity, water, gas and heat as well as for smart power grids to extract information on consumer behaviour and reliability of electricity supply;
- smart city segment for street lighting control, water distribution and traffic management such as toll collection system, and security and environmental monitoring;
- agriculture segment for smart farming that incorporates sensors, and monitoring and measurement devices with wireless communication capabilities to optimise application of fertilisers and irrigation of planted areas;
- industrial segment for industrial automation, pipes and pipeline monitoring, security and surveillance, payment system for wireless point of sales and top-up machine, gateway systems for routers, servers and Wifi hotspots; and
- consumer segment such as smart wearables for health information monitoring and tracking, and smart home appliances.

7.6.3 Our EMS activities

We offer end-to-end EMS solution for engineering support services and manufacturing operations focusing on assembly and testing services.

7.6.3.1 Engineering support services

For new product introduction, we normally provide engineering support services to facilitate efficiency and effectiveness in the manufacturing process. As an EMS provider, we do not normally carry out product and electrical design work as they are undertaken by our customers.

For the FYE Under Review and FPE 31 August 2021, we were engaged by our customers to participate in their product development stage. During this stage, we provide engineering support services to our customers, including building prototypes. Once a prototype of the product is completed, we will also perform design for manufacturability and testability assessments to analyse the feasibility of the product's design before the product progresses on to the pilot production phase and subsequently the mass production phase.

Occasionally, we assist our customers in design work. Our experience in assisting in design work provides us with additional knowledge, skill and experience to understand and to assist our customers in ensuring optimum product and electrical design to facilitate optimum manufacturing process.

Our involvement in our customers' product design and development stages is mainly to facilitate manufacturability, testability, cost efficiency and speed in manufacturing as well as to improve on the quality of our manufactured products. Our involvement includes the following activities:

(i) Assist in component selection, cost containment and quantitative analysis of design for manufacturing and assembly to optimise manufacturing process at minimum cost. This is focused on minimising the number of assembly and manufacturing steps.

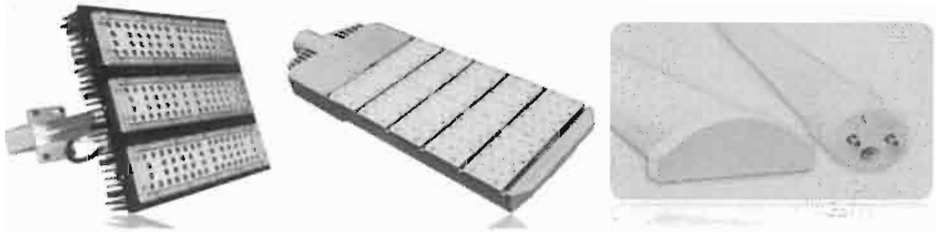
We carry out analysis that covers, among others, complexity of assembly comprising number of components and parts, and interfaces to meet functional requirements, PCB layout design, component placement and orientation for the ease of handling and component insertion, installation, inspection and repair. The spacing of components is also part of the consideration where it is critical for soldering, rework, test and automated assembly. This includes simulating completed circuits to check on its functional accuracy and performance;

(ii) Develop prototypes to optimise on the overall manufacturability, testability, cost efficiency as well as to minimise on lead time for the manufacturing process; and

(iii) Develop test software and hardware to ensure the required level of testability features including test coverage. Our early involvement enables us to provide customised test software and hardware to customers during the product development stage to improve overall efficiency of the test process and to optimise production. See Section 7.6.3.2(c) of this Prospectus for further details of our testing operations.

In addition, we also carry out design work for our products for LED lighting and lithium-ion battery pack system which is currently under development. We manufacture our own designed LED lighting for industrial, commercial and community applications such as floodlights, high bay lights and street lights. These LED lightings are sold and marketed under our own BCM brand. Sales from our own designed LED lightings accounted for less than 1.00% of our revenue for the FYE Under Review and FPE 31 August 2021. As an original design manufacturer of LED lightings, we can customise the design and manufacture according to the requirements of our customers.

Our LED Lighting Products



As part of our R&D process, we are in the development phase of designing a lithium-ion battery pack system for light vehicles. This is part of our business strategy to expand our own proprietary designed products. For further details of introduction of new products, see Section 7.4.4 of this Prospectus.

7.6.3.2 Manufacturing operations

Our manufacturing operations comprises assembly, inspection and testing operations as follows:

(a) Assembly operations

Our assembly focuses on SMT (automated assembly) supplemented by offline assembly and related manufacturing activities such as auto insertion, manual soldering and up to mechanical assembly.

Our SMT equipment and lines

We mainly use SMT for our EMS of PCBA and semiconductor components. Although we envisage having a total of seven (7) SMT lines dedicated to semiconductor component manufacturing for Customer F by end 2023, these SMT lines can also be used for our EMS of PCBA for other customers if there are excess capacity.

Our SMT lines can handle micro-components with minimum size of 008004" (0.25mm x 0.125mm) and average placement tolerance of 25-micron accuracy. Our SMT assembly are automated processes that have fine-pitch placement capability to handle micro components with high speed and precision placement capabilities including the following:

- solder paste printing where our solder paste printing capabilities include the following:
  - minimum tolerance (printing accuracy) = >2 Cpk @ ±12.5μm;
  - fully programmable under stencil cleaning;
  - auto paste dispenser with printing temperature control; and
  - finest component pitch = 0.3mm.

- pick and place where our SMT facilities have the capabilities to mount a variety of IC packages on the PCB including chip scale packaging (CSP), quad flap package (QFP), ball grip array (BGA) package, quad flap no-leads (QFN), micro ball grip array (μBGA) package and land grid array (LGA) package. Our pick and place capabilities are as follows:

  - minimum component size = 008004" (0.25mm x 0.125mm);
  - maximum component size = 74mm x 74mm;
  - minimum pitch size = 0.3mm;
  - minimum PCB size = 48mm x 48mm;
  - maximum PCB size = 774mm x 710mm; and
  - minimum tolerance (placement accuracy) = ±0.03 mm with Cpk ≥1.00.

- our reflow oven has 10 lead-free with nitrogen-enabled heating zones and three cooling zones to provide consistent temperature control. It also has real time profile monitoring in place to ensure that the solder is harden and firmly fixes the components in their respective places on the PCB.

- our SMT lines are equipped with inline inspection system including 3D SPI system as well as pre-reflow and post-reflow AOI system. The AOI machine uses high speed camera to scan and capture the image of completed PCBA to check for defects, scratches, stains, accuracy of component placement, missing components and quality of solder. Our AOI machine is inline and incorporates a three-dimension solder paste inspection system. We undertake pre-reflow and post-reflow inspection.

See Section 7.8 of this Prospectus for further details of our SMT process.

(b) Offline assembly and related manufacturing activities

We also carry out the following offline assembly and related manufacturing activities:

(i) Auto insertion of PTH parts

In some board assembly processes, there is a need to place some parts on the PCB using what is commonly referred to as plated through-hole (PTH) technology. These parts are usually larger than SMT components. PTH technology allows the legs of the components to pass through holes of the PCB which are then soldered on the opposite side of the PCB. The holes are also plated with copper conductor.

We carry out axial and radial auto insertion in our production operations. Axial insertion is used when the legs are on both ends of a part. Radial insertion is used when the legs are on the same end of a part.

(ii) Wave soldering

Offline wave soldering is mainly performed on those boards that undergo auto insertion to solder the components to ensure that the components are firmly fixed in their respective places on the PCB. The protruding legs of the semiconductor parts are also cut off just below the solder.

(iii) Manual soldering

In some situations, we carry out manual soldering for PCBA and subassemblies. This is mainly for large parts and components, such as inductor coils, which cannot be handled by the SMT and auto insertion process. Alternatively, some of the parts and components are required to be connected in hard-to-reach places by the various automated machinery and equipment. Also, manual soldering is required when some of the semiconductor components are sensitive to heat, particularly from the solder reflow process.

Manual soldering using a microscope

(iv) High melting point and gold soldering

We have in-house expertise and capabilities to carry out high melting point soldering and gold soldering.

High melting point soldering requires experience and technical skills to perform soldering using tin and lead alloy solders that has high melting point for working temperature between 430°C and 450°C. This soldering is to bond components on the PCB commonly carried out for electronic products that operate under high temperature, harsh and hazardous conditions such as oil and gas well monitoring and logging tools.

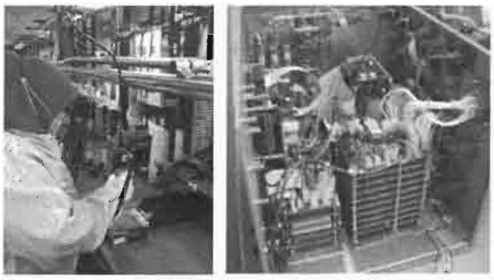
Gold soldering is carried out to solder components onto gold plated connectors in a PCB. Gold is used in PCBA because of its good conductivity, tolerance to high temperatures, does not tarnish and has high durability. PCBA that uses gold-plated PCB are used in harsh environment to prevent oxidation that will affect the connectivity of the electrical circuits.

We carry out high melting point and gold soldering on PCBA for one of our customers. As our PCBA is used in remote locations and operates under harsh conditions especially in offshore oil and gas rigs and platforms, it is expensive and difficult to replace the PCBA should there be a fault. As such, our PCBA must be highly durable and have a long lifespan. High melting point and gold soldering is done manually. As at the LPD, we have a team of 137 skilled personnel that hold IPC-A-610 Class 3 certification including 12 skilled personnel certified to carry out high melting point soldering and 5 skilled personnel certified to carry out gold soldering manually. The remaining 120 personnel mainly carry out any mechanical assembly and inspection as required.

(v) Mechanical, box build and system build assembly

We carry out mechanical, box build and system build assembly if the required product is either in the form of a subassembly or finished product. Our mechanical assembly includes enclosure and electromechanical assembly to place the completed PCBA into commonly plastic or metal housing and connecting it to a user interface display, integration of multiple rack of subassemblies into a metal enclosure for multi-rack system assembly, routing of cabling and wire harnesses to ensure the internal cables are routed neatly and correctly, software loading and configuration, as well as labelling and final packing.

Mechanical and box build for subassemblies and finished products



(c) Inspection and testing operations

Inspection operations

We perform inspection on all the products that we manufacture comprising online and offline inspection as follows:

- Online inspection focuses on the characteristics of product in form-fit-function. Form refers to shape, size, dimension and weight, and fit refers to ability of the part to physically connect to or interface with other parts, and function of the part. This is performed based on inspection parameters with the use of vison magnification, jigs and tools.

- Off-line inspections are performed on a sampling basis as per acceptable quality limit (AQL) standards which also cover the characteristics of product in form-fit-function as well as inspection on the packaging and labelling for shipping. AQL is the maximum percentage of defective sample units permitted in a lot that will be accepted approximately 95% of the time.

To enhance the quality of checking, we also carry out the following special inspections especially for complex products:

- Automated three-dimension solder paste inspection to check the consistency and volume of solder paste dispensed onto the PCB. Consistency of solder paste printing and its volume is critical to enable a good solder joint. If there is insufficient paste printed, most likely it will result in a weak solder joint. If the solder joint fails mechanically, the entire product will fail to function;

- X-ray inspection to detect solder quality of assembled board and assembly defects, which are hidden from view. This inspection is used to check for abnormalities such as solder bubbles and solder shorts on the PCBA to avoid malfunction of the circuit. A solder short occurs when a solder unintentionally touches another lead or solder thus causing a short circuit; and

- Final inspection using microscopes with three (3) to 10 times magnification to check the completed PCBA.

Testing operations

We have in-house capability and experience to customise and develop test system comprising software and hardware to meet the requirements of our manufactured products and/or our customers' specifications and requirements. Our test system is server-based with dual backup location featuring the following:

- traceability of completed test results;

- tracking the test to ensure that all products undergo all the required test stages in the correct sequence;

- storage of test records for a minimum of seven (7) years and up to ten (10) years for European certified products;

- tests are carried out without human intervention; and

- real-time data collection and storage, as well as report generation using data mining tools.

We mainly carry out tests for all the products we manufacture to ensure its functionality. This includes the following:

(i) Board level tests

These tests are performed on PCBA and semi-finished products or subassemblies. Tests performed at this level are primarily dependent on the functionality of the subassemblies. Some common functions that are tested during board level tests include input and output, digital and analogue, power supply, audio and radio frequency functions.

As part of the board level tests, we carry out in-circuit tests to ensure the following:

- correct components are used in the assembly process;
- accuracy of component placements onto the PCB; and
- that these components function accordingly.

We also download test software programmes onto the IC in the test equipment for in-circuit test. We use two technologies to execute in-circuit tests, namely:

- bed-of-nails (fixed position probe); and
- flying probe.

The bed-of-nails tester is a fixture made up of a board with an array of small, spring-loaded pogo pins which will probe every component joint or lead to measure component values such as resistance, capacitance and inductance.

Flying probe tester functions similar to bed-of-nails tester, except that instead of an array of fixed pins, four programmable mobile probes are used that will move to each of the component joint or lead to measure its values.

In general, flying probe testers can be set-up quicker compared to bed-of-nails tester and are also cheaper as it eliminates the need to fabricate the fixture.

The types of test carried out at this level are predominantly customised and developed according to the subassembly's functionality.

(ii) Functional tests

These types of tests are carried out on finished products. In general, the product functionality and specifications will dictate the types of functional tests that will be executed at this level. All the product specifications and capabilities will be assessed during functional testing.

We have the capability and experience in developing and maintaining the following test systems used to perform functional tests:

- **Audio fidelity tester**: This comprises an audio generator and an analyser with a reference microphone as input and a reference speaker as output. It is used to test and measure the audio quality of microphones and speakers. Test parameters such as distortion, response, sensitivity and loudness are tested. The testing can be for hard-wired or Bluetooth communication enabled devices.

- **IoT communication tester**: A digital communication test platform to test product features and transmission of the product to the target receiver. It covers tests for human-to-machine as well as machine-to-machine functionality, transmission integrity, sensitivity, repeatability and accuracy. Communications for machine-to-machine are via mobile cellular communications using 2G up to 5G wireless standard, satellite, Wifi, Bluetooth and Zigbee.

- **Digital imaging tester**: It is used for testing the quality of digital image of a camera or a liquid crystal display (LCD) screen output based on various parameters such as image size and resolution, noise, contrast, sharpness, grey scale, black level, white saturation/balance, viewing angle and colour.

- **Radio frequency tester**: It is used to test devices that use wireless communication technologies ranging from low to high frequency band such as microwave. We also have the capability to carry out test on 5G transmissions. Some of the parameters examined include transmitting power, receiving sensitivity, noise, phase noise and modulation quality.

- **DC-to-DC power management tester**: It comprises an integration of DC power supply unit, programmable electrical load, digital multimeter, multiplexer and oscilloscope. Some of the parameters tested for DC-to-DC power management modules include output voltage and current, load regulation, line regulation, efficiency, power limit, over-voltage protection, short circuit current, noise and ripple, and under voltage lockout.

- **AC-to-DC power management tester**: It is similar to DC-to-DC power management tester, with the exception that the input power is a programmable AC power source instead of a DC power supply unit. Parameters tested for AC-to-DC power management module are also similar to that of the DC-to-DC power management module.

7.7 PRINCIPAL PLACE OF BUSINESS AND OPERATING FACILITIES

7.7.1 Operational facilities

Details of our Group's head office and operating facilities are as follows:

Company	Main Function	Location of Facilities	Approximate Built-up Area *(sq. ft.)*
BCM Electronics	Head office and manufacturing	Plot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Park, Phase 1, 09090 Kulim, Kedah	195,794

As at the LPD, we have commenced the construction of our new manufacturing plant on a piece of land that is adjacent to our existing manufacturing plant. See Section 7.4.2(a) of this Prospectus for further details of the construction of our new manufacturing plant.

7.7.2 Machinery and equipment

As at 31 August 2021, some of the key machinery and equipment for our manufacturing operations are as follows:

Description of machinery and equipment	Quantity	Carrying amount as at 31 August 2021
		RM'000
SMT line	10 lines	
Pick and place machine	29 units	11,072
Automated optical inspection machine	16 units	2,693
Reflow oven	10 units	1,703
Solder paste inspection machine	6 units	1,342
Screen printer machine	10 units	1,306
Auto loader machine	5 units	891
Router machine	3 units	849
Laser marking machine	3 units	728
Auto PCB unloader	3 units	510
Automated guided vehicle	3 units	245
Others[(1)]	8 units	1,212
Sub-total		**22,551**

Description of machinery and equipment	Quantity	Carrying amount as at 31 August 2021
		RM'000
Offline machinery and equipment		
X-ray inspection system	2 units	563
Wave soldering machine	1 unit	292
X-ray counting system	1 unit	270
Automated stencil inspection machine	1 unit	234
Temperature test chamber	1 unit	192
Stencil cleaning machine	1 unit	189
Laser marking machine	1 unit	177
Automated inspection system	1 unit	142
Robotic soldering machine	1 unit	65
Sub-total		**2,124**
Total		**24,675**

Note:

(1) Includes glue dispenser machine, metal shielding placer and inspection machine.

7.7.3 Production capacity and utilisation

Our production capacity and utilisation for the FYE Under Review and FPE 31 August 2021 were as follows:

	Component placements		
Period	**Annual production capacity[(1)]**	**Production output**	**Utilisation rate**
	million [(5)]placement points	**million [(5)]placement points**	**%**
FYE 31 January 2019[(3)]	**1,299**	**1,151**	**89**
- *Electronic parts and products*	*1,299*	*1,151*	*89*
FYE 31 January 2020[(4)]	**1,056**	**956**	**91**
- *Electronic parts and products*	*1,002*	*910*	*91*
- *Semiconductor component*	*54*	*47*	*87*
FYE January 2021[(5)]	**1,965**	**1,848**	**94**
- *Electronic parts and products*	*1,002*	*897*	*89*
- *Semiconductor component*	*963*	*951*	*99*

	Component placements		
Period	**Annual production capacity[(1)]**	**Production output**	**Utilisation rate**
FPE 31 August 2021[(6)]	**[(7)]1,350**	**1,249**	**93**
- *Electronic parts and products*	*585*	*504*	*86*
- *Semiconductor component*	*765*	*745*	*97*

Notes:

(1) *Annual production capacity is calculated based on operating days of six (6) days a week excluding public holidays (295 days for the FYE 31 January 2019 and 294 days for both the FYE 31 January 2020 and the FYE 31 January 2021) on 24-hour shift per operating day (equivalent to number of operational days x 24 hours).*

(2) *Placement points refer to the number of components placed onto the PCB.*

(3) *For the FYE 31 January 2019, the annual production capacity was for 10 SMT lines.*

(4) *For the FYE 31 January 2020, the annual production capacity was for seven (7) SMT lines and one (1) new SMT line which operated for only (1) one month. Three (3) SMT lines were decommissioned.*

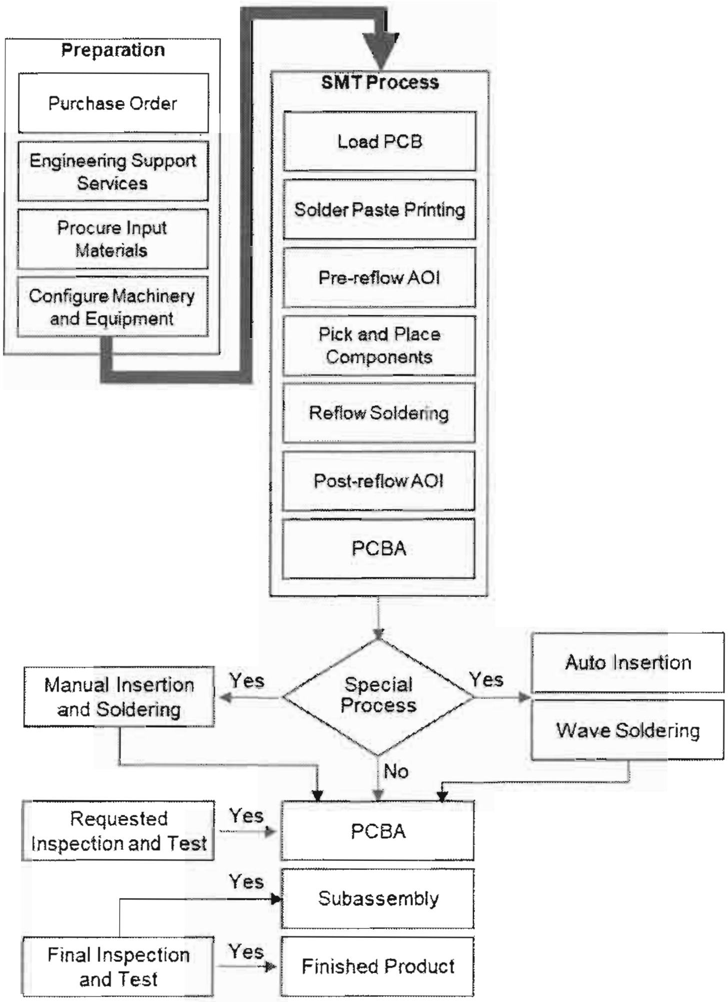
(5) *For the FYE 31 January 2021, the annual production capacity was for eight (8) SMT lines and one (1) new SMT line which operated for only six (6) months.*

(6) *For the FPE 31 August 2021, the production capacity was for nine (9) SMT lines and one (1) new SMT line which operated for only seven (7) days.*

(7) *Calculated based on 7-month pro-rated capacity.*

7.8 PROCESS FLOW

The process flow of our manufacturing operations is as follows:



- **Preparation**

Upon confirmation of purchase orders, our technical team will commence preparation works and liaise with our customers on the design of the electronic circuitry and component placement plan including the list of components required. Once that is agreed, input materials are procured. We generally do not maintain inventory of materials in excess of our production needs as we adopt the built to order approach instead of the build to stock approach. We will buy materials according to orders placed by our customers. However, in circumstances where our customer has agreed to absorb the costs of materials if not consumed, we will proceed to buy materials in advance before receiving a purchase order. This is mainly to hedge against movement in the cost of materials, especially where it involves longer production lead time.

Under normal business conditions, our inventory policy is based on regular interval reviews on a monthly basis where an appropriate amount of inventory is ordered after each review for adequacy and reasonable stock level. Pursuant to the COVID-19 pandemic and disruption in the global supply chain including global shortages of semiconductors in 2020 and 2021, we carry out daily and weekly reviews to optimise production planning, procurement of materials and allocation of production facilities.

Prior to production, our factory floor will commence configuring the machinery and equipment to ensure efficient workflow.

- **SMT process**

The general process flow for SMT assembly comprises the following:

- loading the PCB for solder paste printing;
- solder paste printing on PCB followed by pre-reflow AOI on solder paste to ensure accuracy of solder paste;
- SMT pick and place to mount components onto the PCB;
- reflow soldering to fix the components firmly in their respective places; and
- post-reflow AOI of the PCBA.

Some of the PCBA may require further offline processing for bulky parts which will go through auto and manual insertions using PTH technology, which will require wave soldering or manual soldering.

Some customers may request additional inspection and testing on the completed PCBA.

- **Subassembly and finished product assembly**

In some situations, our customers require us to provide subassembly as well as full assembly up to finished product. Our subassembly, box build and system build assembly process mainly involve incorporating our completed PCBA with other electrical, mechanical, metal as well as non-metal parts.

- **Final testing and inspection**

We will carry out final inspection and testing on the completed subassemblies, box build finished products or system build finished products. Some of these testing procedures include, among others, the following:

- electrostatic discharge test;
- radio frequency test;
- amplitude test;
- wireless communications test;
- spectrum analysis;
- audio fidelity test; and

- other functional tests.

The typical lead time for the manufacturing process from the receipt of purchase order to the finished products ranges from 5 to 8 weeks. The finished products will then be delivered to customers' designated hub or other destination points based on customers' instructions. Invoices for goods that were delivered to the hub will be issued once the goods are picked up by the customer or within 60 days from the date of delivery to customers' designated hub (regardless of whether the goods are picked up by the customer), whichever is earlier.

As for goods that are delivered to other destination points, invoices will be issued upon delivery of such goods. In addition, we extend a product warranty for a period ranging from 12 to 30 months after the delivery of our products for defects relating to workmanship. We may also be required to indemnify or hold our customers harmless against any product liability claims arising from products which we deliver to some of our customers. For the FYE Under Review and FPE 31 August 2021, there has been no product warranty claims and/or claim for indemnity in connection with product liability claims made against us. We are also not subject to impairment of finished goods due to cancellation of orders as our manufactured products are built to order.

7.9 SALES AND MARKETING ACTIVITIES

We will continue to market our EMS as our main driver of growth based on the following strengths:

- established track record of 28 years since we commenced business as an EMS provider in Malaysia;
- product and service quality supported by certifications including ANSI/ESD S20.20, EN ISO 13485, ISO 9001, ISO 14001, IATF 16949 and ISO 45001.
- recognitions and awards from our customers as well as government bodies and private organisations. For further details of our awards and recognitions, see Section 7.17 of this Prospectus.

We have adopted proactive sales and marketing strategies to expand our customer portfolio. Among others, we have focused our efforts in promoting our EMS services in various cities in the USA, China, Europe and Australia. Our marketing efforts are carried out by our business development team of 10 persons as at the LPD which is headed by our Executive Director, LHC.

Our business development team has been actively marketing and promoting our capabilities and services through cold calls of targeted potential customers and following up on referrals including those provided by our domestic and foreign suppliers. Through our proactive sales and marketing approach, we successfully secured two (2) new customers from Europe and other two (2) new customers from China (with one (1) of them being Customer F) during the FYE Under Review. These new customers have also enabled us to diversify our EMS to new product applications and industries including EMS for power modules and power control modules for the marine industry which requires waterproofing for its products as well as radiofrequency generator used in the semiconductor industry.

We will continue to increase our marketing efforts to address opportunities in the semiconductor components manufacturing supported by the following:

- our current semiconductor component manufacturing services for IoT modules will serve as a reference site for potential customers; and

- our installation of new SMT lines specifically for the manufacturing of semiconductor components.

In addition, we will continue to market our original design products as follows:

- LED lighting; and
- lithium-ion battery pack system (future new product).

In conjunction with our marketing activities, we intend to develop and design new products to meet the varying needs of different industries and applications. Given this, our marketing and technical team will work closely with potential customers to understand their requirements.

Within LED lightings, our focus will continue to be industrial, commercial and community applications. As for lithium-ion battery pack system, our current development is focused on golf carts as a priority. By extension, we will also be developing the new lithium-ion battery pack system for similar applications such as battery-operated light vehicles for public areas including shopping centres, amusement parks, tourist attraction areas, airports and seaports, as well as industrial mobile robots and material handling vehicles such as forklifts.

We also intend to develop branding and marketing for our designed and manufactured LED lighting using our own BCM brand. Our marketing activities typically include participating in local and international trade shows with marketing materials incorporating product range and technical specifications as well as creating on-line presence. During the FYE 31 January 2021 and FPE 31 August 2021, we did not participate in any trade shows due to the COVID-19 pandemic.

7.10 MAJOR CUSTOMERS

Our top five (5) major customers and their contribution to our revenue in terms of amount and percentage for the FYE Under Review and FPE 31 August 2021 are as follows:

FYE 31 January 2019

Customer(1)	Country	Description of products sold	Length of relationship as at the LPD(2)	Sales	Percentage of revenue
			years	RM'000	%
Customer A(3)	Malaysia	Communication devices	5	101,017	28.2
Customer B(4)	USA	Communication devices	23	79,192	22.1
Customer C(5)	USA	Communication IoT devices	14	77,686	21.7
Customer D(6)	Singapore	Telematic instrumentation devices	12	47,595	13.3
Customer E(7)	Germany	Communication devices	24	15,131	4.2
Total sales				**320,621**	**89.5**
Our revenue				**358,171**	

FYE 31 January 2020

Customer[(1)]	Country	Description of products sold	Length of relationship as at the LPD[(2)]	Sales	Percentage of revenue
			years	RM'000	%
Customer A[(3)]	Malaysia	Communication devices	5	114,906	29.5
Customer B[(4)]	USA	Communication devices	23	83,025	21.3
Customer D[(5)]	Singapore	Telematic instrumentation devices	12	76,770	19.7
Customer C[(6)]	USA	Communication IoT devices	14	62,133	16.0
Customer E[(7)]	Germany	Communication devices	24	18,544	4.8
Total sales				**355,378**	**91.3**
Our revenue				**389,305**	

FYE 31 January 2021

Customer[(1)]	Country	Description of products sold	Length of relationship as at the LPD[(2)]	Sales	Percentage of revenue
			years	RM'000	%
Customer A[(3)]	Malaysia	Communication devices	5	129,928	35.9
Customer B[(4)]	USA	Communication devices	23	87,464	24.1
Customer C[(5)]	USA	Communication IoT devices	14	63,355	17.5
Customer D[(6)]	Singapore	Telematic instrumentation devices	12	24,972	6.9
Customer E[(7)]	Germany	Communication devices	24	23,548	6.5
Total sales				**329,267**	**90.9**
Our revenue				**362,165**	

FPE 31 August 2021

Customer[1]	Country	Description of products sold	Length of relationship as at the LPD[2]	Sales	Percentage of revenue
			years	RM'000	%
Customer A[3]	Malaysia	Communication devices	5	59,632	29.8
Customer C[5]	USA	Communication IoT devices	14	47,657	23.8
Customer B[4]	USA	Communication devices	23	40,312	20.2
Customer D[6]	Singapore	Telematic instrumentation devices	12	19,622	9.8
Customer E[7]	Germany	Communication devices	24	9,763	4.9
Total sales				**176,986**	**88.5**
Our revenue				**200,038**	

Notes:

(1) *The names of Customer A, Customer B, Customer C, Customer D and Customer E have not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.*

(2) *Rounded up to the nearest whole year if six (6) months or more and vice versa.*

(3) *Customer A operates in the EMS industry in Malaysia and is principally involved in the assembly and manufacturing of computers, computer peripherals, electronic sub-assembly, medical, telecommunications, multimedia, consumer and renewable energy products. Customer A is a Malaysian subsidiary of a public listed company incorporated in the USA and listed on the Nasdaq Stock Market in the electronic components industry under the technology sector. Customer A's holding company is principally involved in the provision of integrated manufacturing solutions including printed circuit board assembly, components, products and services including interconnect systems and mechanical systems.*

(4) *Customer B operates in the communication products and services industry in the USA and is principally involved in the provision of communication infrastructure, devices, accessories, software, services and systems integration for radio and TV broadcasting and communications equipment, with more than 100,000 public safety and commercial customers in over 100 countries. Customer B is an American company listed on the New York Stock Exchange in the communication equipment industry under the technology sector.*

(5) *Customer C operates in the wireless communications industry in the USA and is principally involved in the provision of wireless IoT communication devices including telematics, GPS asset tracking, cellular modems, wireless telemetry, and rental applications. Customer C is an American subsidiary of a public listed company incorporated in the UK and listed on the New York Stock Exchange in the scientific and technical instruments industry under the technology sector. Customer C's holding company is involved in the manufacture and distribution of electronic components including automotive sensors, motor protectors, circuit breakers, thermostats, pressure sensors and switches.*

(6) *Customer D operates in the energy services industry in Singapore and is principally involved in the manufacturing of machinery and equipment, and provision of support services for the energy industry. Customer D is a Singaporean subsidiary of a public listed company incorporated in the USA and listed on the New York Stock Exchange in the oil and gas equipment and services industry under the energy sector. Customer D's holding company is likewise involved in the manufacturing of machinery and equipment, and provision of support services for the energy industry, with operations in a multitude of jurisdictions.*

(7) Customer E operates in the wireless communications industry in Germany and is principally involved in the provision of wireless infrastructure communication systems, radio communications and its accessories. Customer E is a German subsidiary of Customer B.

None of our Directors, Promoters and substantial shareholders has any interest in, or undue influence over, any of our major customers.

We are dependent on the following customers by their sales contribution of more than 15% to our revenue for any one or more years/period during the FYE Under Review and FPE 31 August 2021, and our business relationship with them are set out below:

(i) Customer A

As at the LPD, Customer A has been our customer for five (5) years. Revenue from Customer A accounted for 28.2%, 29.5%, 35.9% and 29.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

We provide EMS of communication devices to Customer A in Malaysia. Our subsidiary, BCM Electronics, had on 1 February 2016 entered into the Customer A Supplier Managed Inventory Agreement and pursuant to the said agreement, purchase orders are placed by Customer A for the supply of products to support inventory levels of Customer A at a hub located in Penang. See Section 7.22 of this Prospectus for the salient terms of the Customer A Supplier Managed Inventory Agreement.

We also deal with three (3) related companies of Customer A which are located in Brazil and USA. These three (3) companies, together with Customer A, collectively accounted for 28.3%, 29.7%, 36.1% and 30.0% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Customer A's manufacturing operations in Penang, Malaysia was previously operated by a company related to Customer B ("**Customer B Related Company**") and had formed part of Customer B's group's manufacturing operations in Malaysia. In February 2016, Customer A's holding company, a company incorporated in the USA and listed on the Nasdaq Stock Market, acquired the said manufacturing facility in Penang from Customer B Related Company after Customer B Related Company decided to dispose it. Following the acquisition of the manufacturing facility, our business relationship with the manufacturing operations in Penang continued, with Customer A becoming our Group's new customer in place of Customer B Related Company. Notwithstanding, all the products sold by our Group to Customer A are for the purposes of Customer B's inventories.

(ii) Customer B and Customer E

As at the LPD, Customer B has been our customer for 23 years. Revenue from Customer B accounted for 22.1%, 21.3%, 24.1% and 20.2% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 October 2011 entered into the Customer B Manufacturing Services Agreement for the provision of EMS including procurement, assembly, test and other services. The Customer B Manufacturing Services Agreement also extends to the provision of EMS to Customer E which is a German subsidiary of Customer B. See Section 7.22 of this Prospectus for the salient terms of the Customer B Manufacturing Services Agreement.

As at the LPD, Customer E has been our customer for 24 years. Customer E accounted for 4.2%, 4.8%, 6.5% and 4.9% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021 respectively. Prior to establishing our relationship with Customer B and Customer E, we had already commenced business relationship with a subsidiary of Customer B in Malaysia back in 1993 for the provision of EMS.

We also deal with three (3) related companies of Customer B and Customer E, which are located in Malaysia, China and Brazil. These three (3) companies, together with Customer B and Customer E, collectively accounted for 29.7%, 31.0%, 34.3% and 27.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

(iii) Customer C

As at the LPD, Customer C has been our customer for 14 years. Customer C accounted for 21.7%, 16.0%, 17.5% and 23.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 August 2018 entered into the Customer C Manufacturing And Supply Agreement for the provision of EMS including procurement, assembly, testing and other services. See Section 7.22 of this Prospectus for the salient terms of the Customer C Manufacturing And Supply Agreement.

We also deal with a related company of Customer C which is located in Lithuania. This customer, together with Customer C, collectively accounted for 21.7%, 16.0%, 18.1% and 24.7% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

(iv) Customer D

As at the LPD, Customer D has been our customer for 12 years. Customer D accounted for 13.3%, 19.7%, 6.9% and 9.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 March 2016 entered into a master purchase agreement for goods and services with a related company of Customer D. Subsequently, BCM Electronics had on 1 October 2020 entered into the **Customer D Related Co Master Purchase Agreements**. Arising from the Customer D Related Co Master Purchase Agreements, BCM Electronics had on 17 June 2016 entered into an affiliate addendum agreement with Customer D for the provision of EMS including procurement, assembly, testing and other services by us to Customer D ("**Customer D Affiliate Addendum Agreement**"). See Section 7.22 of this Prospectus for the salient terms of the Customer D Related Co Master Purchase Agreements and Customer D Affiliate Addendum Agreement.

We also deal with a related company of Customer D which is located in the USA. This customer, together with Customer D, collectively accounted for 13.7%, 20.8%, 7.9% and 11.4% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our EMS customers and us are mutually dependent which helps to strengthen our business relationships with them and create customer loyalty. Some of the factors contributing to such mutual dependencies include the following:

(i) Lead time and investments in time and resources for new products

Our EMS customers and us are mutually dependent mainly due to the investment in time and resources, and the lead time required to bring a new product to mass production.

For each new product, we will need to go through a process that includes prototyping, design for manufacturability and testability, pilot production run, and testing and qualifying products prior to mass production. The process from project commencement to mass production may take between one to two years working closely with these customers.

As our EMS customers are required to also invest their time and resources to bring a new product to mass production, our customers are reluctant to change EMS providers unless there are extenuating circumstances. Our EMS customers will need to go through the whole new product development process to qualify new EMS providers prior to mass production.

(ii) Customised and application specific EMS solution

We provide customised and application specific EMS solutions to our customers which strengthens our business relationships with them, Our EMS are focused on industrial electronic products that require customising the manufacturing process to meet each customer's specifications and requirements as opposed to manufacturing generic products that can be used across a number of applications and potential customers.

As many of our products are for critical applications necessitating a low failure rate, we are commonly required to conduct 100% testing on the manufactured products as opposed to products that require only sample testing of the manufactured products. This is predicated by the application of our products used as part of a process where product failure will affect the entire process resulting in loss production time or processing capabilities. As an example, a failed IoT product would mean that the operator would lose track of its assets or halt a production line if the IoT is used for machine-to-machine communication in a manufacturing process.

Additionally, in another situation, our products are used in remote and inhospitable environments in deep subterranean locations that are subject to high temperature and harsh operating conditions where replacement of any faulty product would be costly due to loss in production.

(iii) Provision of specialised services

We provide specialised services that strengthen our business relationships with our customers and create customer loyalty.

- Manual high melting point and gold soldering

  We have the capabilities to carry out manual high melting point and gold soldering as part of the board assembly process. This is for low volume, high-value jobs. For the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, revenue derived from products that had involved high melting point and gold soldering as part of the board assembly process accounted for RM49.1 million (13.7% of our revenue), RM80.9 million (20.8% of our revenue), RM28.6 million (7.9% of our revenue) and RM22.8 million (11.4% of our revenue), respectively.

  High melting point and gold soldering are required for PCBA in equipment used in remote, harsh, hazardous and high temperature conditions including monitoring and logging tools used in oil and gas wells. The equipment used is expected to work continuously for a long time as it is difficult and expensive to reach the device to replace any faulty PCBA.

  We can perform high melting point soldering for working temperatures between 430 degrees °C and 450 °C. Gold soldering is used due to its good conductivity, tolerance to high temperatures, resistance to tarnish and is durable. As at the LPD, we have a team of 137 skilled personnel that holds the IPC-A-610 Class 3 certification including 12 skilled personnel certified to carry out high melting point soldering and 5 skilled personnel certified to carry out gold soldering manually. The remaining 120 personnel mainly carry out any mechanical assembly and inspection as required.

- Developing and providing customised test programmes

  Aside from providing EMS services for communication devices, we also have in-house technical expertise to develop test programmes including software coding to test communication devices such as IoT devices that use various communications protocols such as global positioning system, Zigbee, Bluetooth, Wifi as well as mobile cellular communications protocol from third-generation (3G) up to fifth-generation (5G) wireless standard.

  In addition, we are able to develop test programmes for power supply management incorporating tests for safety, power leakage and power isolation, as well as to carry out burn-in tests.

  Our ability to design and code test programmes and to carry out testing of, among others, communication devices is a key competitive advantage as we can provide a one-stop solution for the convenience of our customers. This ability has helped consolidate our position as an EMS provider that enables us to build customer loyalty.

The mutual dependency between our EMS customers and us is demonstrated by our continuing business relationships with them where we have been dealing with our top 5 (five) major customers for a considerable number of years, ranging from five (5) years up to 24 years, with two (2) of them for 23 and 24 years as at the LPD.

7.11 MAJOR SUPPLIERS

Our top five (5) major suppliers and their contribution to our purchases in terms of amount and percentage for the FYE Under Review and FPE 31 August 2021 are as follows:

FYE 31 January 2019

Supplier	Country of origin	Main type of materials purchased	Length of relationship as at the LPD*	Purchases	Percentage of purchases
			years	RM'000	%
MFS Technology (M) Sdn Bhd ("**MFST**")	Malaysia	Flexible PCB	7	32,226	10.7
Dynacast (Singapore) Pte Ltd ("**Dynacast**")	Singapore	Metal and mechanical parts	24	19,808	6.6
Arrow Electronics Asia (S) Pte Ltd ("**AEA**")	Singapore	Semiconductor components (mainly IC and discrete components)	23	15,457	5.1
Golden Bridge Electech Inc ("**GBE**")	Taiwan	Cables and electrical connectors	24	14,850	4.9
TTI Electronics Asia Pte Ltd	Singapore	Semiconductor components (mainly discrete components)	22	10,345	3.4
Total purchases				**92,686**	**30.7**
Our purchases				**302,374**	

FYE 31 January 2020

Supplier	Country of origin	Main type of materials purchased	Length of relationship as at the LPD*	Purchases	Percentage of purchases
			years	**RM'000**	**%**
MFST	Malaysia	Flexible PCB	7	36,237	12.4
Dynacast	Singapore	Metal and mechanical parts	24	24,005	8.2
GBE	Taiwan	Cables and electrical connectors	24	17,187	5.9
AEA	Singapore	Semiconductor components (mainly IC and discrete components)	23	14,761	5.0
Newtec International Ltd	Hong Kong	Mechanical parts (plastic enclosures)	14	10,898	3.7
Total purchases				**103,088**	**35.2**
Our purchases				**292,507**	

FYE 31 January 2021

Supplier	Country of origin	Main type of materials purchased	Length of relationship as at the LPD*	Purchases	Percentage of purchases
			years	**RM'000**	**%**
MFST	Malaysia	Flexible PCB	7	47,660	16.4
AEA	Singapore	Semiconductor components (mainly IC and discrete components)	23	21,557	7.4
Dynacast	Singapore	Metal and mechanical parts	24	20,294	7.0
GBE	Taiwan	Cables and electrical connectors	24	18,709	6.4
Banshing Industrial Co Pte Ltd	Singapore	Mechanical parts (plastic enclosures)	23	14,579	5.0
Total purchases				**122,799**	**42.2**
Our purchases				**290,951**	

FPE 31 August 2021

Supplier	Country of origin	Main type of materials purchased	Length of relationship as at the LPD*	Purchases	Percentage of purchases
			years	**RM'000**	**%**
MFST	Malaysia	Flexible PCB	7	19,743	10.6
AEA	Singapore	Semiconductor components (mainly IC and discrete components)	23	16,113	8.7
Dynacast	Singapore	Metal and mechanical parts	24	11,858	6.4
GBE	Taiwan	Cables and electrical connectors	24	8,938	4.8
Newtec International Ltd	Hong Kong	Mechanical parts (plastic enclosures)	14	7,026	3.8
Total purchases				**63,678**	**34.3**
Our purchases				**185,545**	

Note:

* *Rounded up to the nearest whole year if six months or more and vice versa.*

We are not dependent on any of our major suppliers for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021 mainly for the following reasons:

- we mainly procure our input materials from our customers' approved list of suppliers as we are contractually obligated to purchase input materials from our customers' approved list of suppliers for customers which we have agreements with;
- MFST, being our top major supplier for the FYE Under Review and FPE 31 August 2021, is a customer approved supplier; and
- we have more than one supplier for each of the input materials that we purchase.

7.12 TYPES AND SOURCES OF INPUT MATERIALS

The following are the major types of input materials that we purchase for our manufacturing operations for the FYE Under Review and FPE 31 August 2021:

	FYE 31 January						FPE 31 August 2021	
	2019		2020		2021			
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
PCB and semiconductor components								
Flexible and rigid PCB	59,576	19.7	64,206	22.0	63,492	21.8	25,375	13.7
IC	44,877	14.8	36,632	12.5	35,793	12.3	29,551	15.9
Discrete components	47,816	15.8	38,904	13.3	30,658	10.6	22,409	12.1
Sub-total	**152,269**	**50.3**	**139,742**	**47.8**	**129,943**	**44.7**	**77,335**	**41.7**
Electrical, mechanical and related parts								
Electrical connectors	35,247	11.7	33,975	11.6	38,241	13.1	6,601	3.5
Electromechanical components	28,091	9.3	12,456	4.3	8,119	2.8	9,142	4.9
Acoustic parts	27,797	9.2	30,584	10.5	33,761	11.6	1,976	1.1
Mechanical parts	20,952	6.9	38,729	13.2	40,274	13.8	50,783	27.4
Cables and wires	11,834	3.9	11,986	4.1	15,721	5.4	16,542	8.9
Subassembly	11,420	3.8	8,480	2.9	6,442	2.2	10,250	5.5
Fasteners	4,220	1.4	5,253	1.8	5,055	1.7	2,604	1.4
Others (1)	10,544	3.5	11,302	3.8	13,395	4.6	10,312	5.6
Sub-total	**150,105**	**49.7**	**152,765**	**52.2**	**161,008**	**55.3**	**108,210**	**58.3**
Total	**302,374**	**100.0**	**292,507**	**100.0**	**290,951**	**100.0**	**185,545**	**100.0**

Note:

(1) Include, among others, crystal filters, labelling materials, solder paste and wire, chemicals, and switches.

Our main input materials for our manufacturing operations are as follows:

- **PCB and semiconductor components:** The purchases of PCB and semiconductor components accounted for 50.3%, 47.8%, 44.7% and 41.7% of our purchases of input materials for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

  PCB and semiconductor components that were used for our EMS operations mainly included the following:

  - Flexible and rigid PCB;
  - IC; and
  - discrete components including diodes, transistors, rectifiers, LED, optocoupler/optoisolator, and passive components such as resistors, capacitors, thermistors, varistors and inductors.

  These input materials are mainly used during the SMT process, where the IC and discrete components will be mounted onto the PCB.

- **Mechanical, electrical and related parts:** The purchases of mechanical, electrical and related parts accounted for 49.7%, 52.2%, 55.3% and 58.3% of our purchases of input materials for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

  The electrical, mechanical and related parts that we purchase are as follows:

  - Electrical connectors refer to d-sub connectors and jack screws;
  - Electromechanical components refer to magnets, inductor coils, transformers, adaptors, switches and antennas;
  - Acoustic parts include microphones, speakers and receivers;
  - Mechanical parts mainly include plastic enclosures and parts, metal parts, rubber parts and aluminium die-cast parts;
  - Cables and wires, as well as wire assemblies;
  - Subassemblies mainly used for box build and system build finished products; and
  - Fasteners, crystal filters, labelling materials, solder paste and wires, chemicals and switches.

  These materials were mainly used for our subassemblies as well as box build and system build finished products including routing of cables and harness assembly, simple enclosure assembly with displays or interfaces, and final product packing.

- Imported input materials accounted for 75.4%, 74.8%, 70.2% and 67.8% of our purchases of input materials for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

7.13 SEASONALITY

Our revenues are typically lower in the first half of our financial year because our customers plan ahead for their requirements for the entire year and accordingly, the bulk of orders from our customers are typically received after the end of festive periods, namely the calendar new year and Chinese new year, which occur at the beginning of the year. Invoices for orders being delivered are issued progressively in subsequent months depending on our production processes and lead times applicable.

7.14 R&D

In general, our R&D policies are aimed at creating value for our customers in the electronics and semiconductor industries. Our R&D involves the following:

- We place emphasis on our strengths in providing engineering support to customers where our involvement in design is mainly to facilitate product manufacturability and testability during the early stages of product development. We also build prototypes to carry out test on manufacturability and testability, and to analyse product design feasibility before the product progresses on to the pilot production phase and subsequently to mass production.

- Our experience in assisting design work provides us with additional knowledge, skill and experience to understand and to assist our customers in ensuring optimum product and electrical design to facilitate optimum manufacturing process.

- Part of our engineering support services included development of test system including software and hardware to ensure that the required level of testability features including test coverage and times are incorporated.

  See Section 7.6.3.1 of this Prospectus for further details of the engineering support services and Section 7.6.3.2(c) of this Prospectus for further details of our capabilities on inspection and testing programmes.

- In addition, through our in-house product development efforts, we also design and manufacture our brand of LED lighting. We also plan to develop a new lithium-ion battery pack system for light vehicles. See Section 7.4.4 of this Prospectus for further details of our new product.

For the FYEs Under Review and FPE 31 August 2021, our R&D expenditure accounted for less than 1% of our revenue, as follows:

	FYE 31 January			FPE
	2019	**2020**	**2021**	**31 August 2021**
R&D expenditure (RM'000)	821.6	915.1	695.6	311.8
Percentage of our revenue (%)	0.2	0.2	0.2	0.2

7.15 TECHNOLOGIES USED

As an EMS provider of industrial electronic products, we primarily use the following technologies in our production operations:

- SMT; and

- various inspection and testing systems, some of which are customised and developed by our technical team to meet the specific requirements of our customers.

Our production facility in Kulim Hi-Tech Park, Kedah is fully integrated with our MES. It is a real time production monitoring system that tracks our production process. We designed and developed our MES in 2018 during the FYE 31 January 2021. As we had designed and developed our MES, we can continuously improve it to meet new requirements and incorporate additional functionalities.

The main objective of the implementation of our MES is to ensure that our end-to-end manufacturing procedures are based on pre-determined detailed workflow. This enables us to convert customer orders into instructions for the manufacturing process which allow our factory floor operators to follow step by step instructions. Some of the functions of our MES include, among others, the following:

- detect and report any faults or breakdowns of each equipment in the production line;

- provide statistics on product throughput, setting parameters of the equipment, tasks performed, reject rates and inline testing results on our SMT lines; and

- real time online partitioned and password enabled remote access.

With our MES, we can trace and identify all movements and processes carried out for all components and products that pass through our production facility. We monitor every stage of the manufacturing process, starting from input materials till the delivery of final goods to our customers.

Our MES also helps prevent incorrect placement of parts packed in tubes, reels or tapes through a series of barcoding, scanning, registration and pairing process. As such, when the tubes, reels or tapes are fed into the feeder slot, our MES can ascertain that they are attached to the correct slot to prevent the pick and place equipment from picking up the wrong component.

Our MES' value added service for our customers provides us with a key differentiating factor to retain our existing customers and also serve as one more advantage to attract new customers.

7.16 MATERIAL INTERRUPTIONS TO OUR BUSINESS

Save as disclosed below, there has not been any material disruption to our business activities during the past 12 months prior to the LPD:

COVID-19 pandemic

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government implemented several measures to reduce and control the spread of COVID-19 commencing from 18 March 2020 and these measures included restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic, cultural and recreational activities. As a result, our EMS business operations in Malaysia were temporarily interrupted by these measures. We also experienced a disruption in the global supply chain arising from the COVID-19 pandemic.

7.16.1 Various MCO measures in 2020

MCO

On 16 March 2020, the Government announced the MCO to curb the spread of COVID-19 in Malaysia. The first phase of MCO took place from 18 March 2020 to 31 March 2020 and measures under the MCO included, among others, the closure of all businesses except those classified under "essential services" or business that have received written approval to operate from the MITI, restrictions on the movement of people within Malaysia and restrictions on international travel to and from Malaysia.

During the MCO period, our business operations was temporarily suspended for 5 days from 18 March 2020 to 23 March 2020. Our EMS operations resumed partial operations from 24 March 2020 for 37 days before resuming full operations from 29 April 2020.

During the MCO, our Group's operational activities included the following:

(a) our administrative and supporting staff (indirect workforce) worked from home on a rotation basis for 37 days from 23 March 2020 to 29 April 2020.

(b) our EMS business operations were temporarily suspended for 5 days and were in partial operations for 37 days due to the following restrictions imposed by the Government:

- During phase 1 MCO (effectively from 18 March 2020 to 31 March 2020), based on a letter of approval from the MITI dated 24 March 2020, we were permitted to resume our EMS operations at 30% capacity;

- Similarly, during phase 2 MCO (effectively from 1 April 2020 to 14 April 2020), based on a media release from the MITI dated 25 March 2020, we were permitted to continue our EMS operations at 30% capacity;

- During phase 3 MCO (effectively from 16 April 2020 to 28 April 2020), we obtained a second approval letter from the MITI dated 16 April 2020 where we were permitted to increase our EMS operations from 30% to 50% capacity; and

- On 29 April 2020, we resumed full manufacturing operations upon commencement of phase 4 of the MCO.

During these periods, our operations were running on two 8-hour shifts, instead of two 12-hour shifts per day.

CMCO period

The Government implemented the CMCO from 4 May 2020 to 9 June 2020. The CMCO relaxed some of the measures implemented during the MCO, including allowing many economic sectors to resume business provided that specified guidelines and SOP are followed. Restrictions on the movement of people within Malaysia were also relaxed while restrictions on international travel were modified slightly.

On 29 April 2020, we continued with our operations and all of our office staff were allowed to return to the head office while complying with guidelines and SOP. While we experienced some reduction in our Group's business activities during the CMCO period, the reduction was lesser compared to the MCO period.

RMCO period

The CMCO was followed by the RMCO from 10 June 2020 to 31 December 2020. Starting from 10 June 2020, almost all economic sectors were allowed to resume provided they follow specified guidelines and SOP. The movement of people within Malaysia was further relaxed with subsisting restrictions on international travel during the CMCO period. Our business operations continued to operate at full capacity according to specified guidelines and SOP.

Re-imposition of the CMCO

Subsequent to the RMCO, there were targeted enhanced MCO (TEMCO) imposed in specific locations resulting from a resurgence in COVID-19 infections. On 12 October 2020, the Government announced the imposition of the CMCO in Selangor, Kuala Lumpur and Putrajaya from 14 October 2020 which was further extended to 20 December 2020. The measures imposed under the CMCO included, among others, restrictions on the movement of people within affected areas including prohibiting inter-district movements, limiting the operational hours of certain services such as restaurants and supermarkets, and closure of schools. During this period, we continued to operate at full capacity according to specified guidelines and SOP.

7.16.2 Various MCO measures in 2021

Re-imposition of the MCO (MCO 2.0 and MCO 3.0), CMCO and RMCO

The CMCO was uplifted and a second MCO (MCO 2.0) was imposed immediately from 13 January 2021 and subsequently, transitioned to CMCO or RMCO depending on state. Subsequently, following increases in the number of new COVID-19 cases, the third MCO (MCO 3.0) was re-imposed in Kelantan from 16 April 2021, followed by six districts in Selangor which started from 6 May 2021 as well as Kuala Lumpur and several districts and mukims in Terengganu, Johor and Perak from 7 May 2021.

On 10 May 2021, the Government announced nationwide re-imposition of MCO starting from 12 May 2021 to 7 June 2021. The measures imposed under the MCO included, among others, restrictions on the movement of people within Malaysia and restrictions on international travel to and from Malaysia, the closure of all businesses except those classified under "essential economic sector" or have received written approval to operate from the MITI and only 30% of employees in the top management group are allowed to be in the office. During this period, we continued to operate according to specified guidelines and SOP.

MCO measures under the National Recovery Plan in 2021

On 28 May 2021, the Government announced the imposition of a nationwide full lockdown movement control order (FMCO). Under the FMCO, all sectors were not allowed to operate during this period except for those in the essential economic and service sectors. Other control measures implemented included restrictions on the movement of people within Malaysia and internationally, and restrictions of business, economic, cultural and recreational activities.

Subsequently, on 15 June 2021, the Government announced the NRP, a phased exit strategy from the COVID-19 crisis and the MCO which will be from June 2021 to December 2021. The NRP consists of four phases including Phase 1 FMCO which commenced from 1 June 2021. The second phase will be implemented if the first phase succeeds in reducing the number of daily COVID-19 cases which will allow the reopening of some economic sectors in stages. Social activities and movements will continue to be tightly controlled with interstate travel prohibited. This will be followed by the third phase where nearly all economic sectors will be allowed to operate subject to strict SOP and restrictions on the number of people allowed to be physically present at workplaces. Lastly, the fourth phase will see a full reopening of the economy where interstate travel and domestic tourism will also be allowed.

Under the Phase 1 of the NRP, certain economically strategic industries are allowed to remain open including aerospace, oil and gas, manufacturing as well as electrical and electronics ("**E&E**") sectors. We are operating within the E&E sector where we continued to operate during the Phase 1 of the NRP based on the latest SOP, with the exception of a two-day closure of our head office and our manufacturing plant for thorough cleaning and disinfection on 1 June 2021 and 2 June 2021.

7.16.3 Measures and steps taken in our business operations in response to COVID-19 pandemic

We have and will continue to manage our supply chain to ensure that we have a continuing supply of input materials to meet our production schedules. Since the resumption of our business on 29 April 2020, we took precautionary measures and implemented the following SOP for our business and operations:

(i) Health declaration where all employees and visitors must declare their travel history and current health status before entering the company's premises;

(ii) Implementation of contact tracing system where temperature measurements as well as contact details of visitors, suppliers and employees, must be recorded before they enter the office and factory;

(iii) Practising social distancing in the office, cafeteria, warehouse and production area;

(iv) Visitors, suppliers and employees are always required to wear face masks in our premises;

(v) Minimising physical meetings and avoiding unnecessary business-related travelling;

(vi) Periodically communicate with employees about COVID-19 updates and awareness;

(vii) Provides hand sanitisers at entrances at all common areas. Regular sanitisation and cleaning process especially in common areas such as the lobby, meeting rooms, toilets, cafeteria, prayer rooms and office doors;

(viii) Van and bus use to transport our employees to and from our factory; and

(ix) Carry out regular sanitisation and disinfection process of various parts of our factory and some common areas of our office.

If any of our employees are infected with COVID-19, we may be required to temporarily shut down our operations for some time or as advised by the MOH to contain the spread of COVID-19. Furthermore, in the event of an infection, all of our employees will have to undergo COVID-19 testing.

Employees tested positive for COVID-19

Since March 2020 and up to the LPD, a total of 234 of our employees from our head office and manufacturing plant were tested positive for COVID-19. Following the incident, we carried out the following:

- the 234 affected employees were placed under self-quarantine. We conducted contact tracing and identified a total of 687 close contacts of the 234 affected employees. All of these close contacts were placed under self-quarantine for 10 or 14 days as instructed by the MOH and only allowed to return to our head office and manufacturing plant after the quarantine period. All the close contacts also underwent COVID-19 tests and those who were tested positive for COVID-19 were placed under self-quarantine. We paid the majority of the COVID-19 tests cost including the test costs for the close contacts. The total cost of these tests was approximately RM76,773;

- at the same time, we carried out thorough cleaning and disinfection of our affected premises on 21 January 2021, as well as closure of our head office and manufacturing plant for two (2) days on 1 June 2021 and 2 June 2021 for thorough cleaning and disinfection; and

- generally, we have been carrying out regular sanitisation and cleaning three times per day for common areas during operations and five times per day for the production floor.

As at the LPD, out of the 234 positive COVID-19 cases, only 3 cases were active.

We strive to maintain and provide a safe and healthy workplace for our employees. Under the Program Imunisasi COVID-19 Kerjasama Awam-Swasta (PIKAS), we sponsored 720 of our employees for COVID-19 vaccination on 22 July 2021 amounting to RM61,920. Subsequently on 5 September 2021, we further sponsored 194 employees for COVID-19 vaccination under the PIKAS amounting to RM16,684. As at the LPD, 1,022 or 99.3% of our employees are fully vaccinated.

7.16.4 Impact on our business and financial performance

FYE 31 January 2021

For the FYE 31 January 2021, we faced delays in obtaining certain input materials for our EMS operations as there were disruptions in the global supply chain arising from the COVID-19 pandemic. In addition, our EMS operations were affected due to the restrictions imposed by the Government during the MCO period, which resulted in delays in fulfilment of sales orders to our customers. Upon the resumption of our manufacturing operations, we continued to take the necessary precautions while working under the various constraints imposed by the Government during the MCO as mentioned above.

As a result of the restrictions imposed by the Government during the MCO period, this had adversely affected our production and revenue in the first quarter of FYE 31 January 2021 as summarised in the table below:

	Qtr1 FYE2021 *(Feb 2020 - Apr 2020)*	**Qtr2 FYE2021** *(May 2020 - Jul 2020)*	**Qtr3 FYE2021** *(Aug 2020 - Oct 2020)*	**Qtr4 FYE2021** *(Nov 2020 - Jan 2021)*
Revenue (RM'000)	54,995	100,986	97,108	109,077
Quarter-on-quarter change (%)	-44.3%	83.6%	-3.8%	12.3%

Our Group's revenue of EMS business declined by 44.3% in the first quarter of FYE 31 January 2021 compared to the fourth quarter of the previous financial year mainly due to disruptions in the global supply chain arising from the COVID-19 pandemic which resulted in delays in fulfilment of sales orders. During the first quarter of FYE 31 January 2021, we experienced a temporary suspension of our EMS operations by five (5) days with partial operations for 37 days during the MCO period. Our business operations were permitted to operate at 50% of our capacity from 16 April 2020 onwards and subsequently on 29 April 2020 we resumed full operations. In this respect, our manufacturing activities in the second half of year was higher to make up for lost time from the lower manufacturing activities in the first half of the year.

In general, our delivery schedules were impacted due to the MCO and COVID-19 conditions. We notified our customers about disruptions and constraints resulting from the MCO and they agreed to the deferment of our delivery schedules. Accordingly, we do not expect any liquidated ascertained damages to be imposed on us for late delivery of those attributable to the MCO.

In addition, there was a delay in installation of backend testing and packing line for the two semiconductor component manufacturing lines which were initially planned for commissioning in July 2020. Due to the COVID-19 conditions, the installation of the backend testing and packing lines were rescheduled and completed in January 2021. In this respect, the delays in the installation of the backend testing and packing lines affected our manufacturing processes where we had to carry out manual testing and packing prior to January 2021.

As a result of the above business interruptions, our financial performance was affected as we continued to incur factory overhead and administrative expenses including staff cost, depreciation expenses, finance cost and other administrative costs. We also incurred additional medical cost for testing of our staff and factory workers. For the FYE 31 January 2021, our total medical and related costs incurred were RM0.2 million. Although we have resumed full operations since 29 April 2020, our revenue and profit for the FYE 31 January 2021 were impacted due to the interruptions to our operations as mentioned above. Our revenue decreased by 7.0% or RM27.1 million and PBT decreased by 45.0% or RM14.6 million in the FYE 31 January 2021.

FYE 31 January 2022

Pursuant to the FMCO that started on 1 June 2021, we continued to operate according to specified guidelines and the latest SOP where our business operations operated at 60% capacity of workforce during Phase 1 of the NRP. Based on 60% capacity, we extended our operating days from 5.5 days a week to 7 days a week which enabled us to achieve an overall of 85% of operating hours per week during the period.

	Normal with 100% workforce	FMCO with 60% workforce operating 5.5 days per week	FMCO with 60% workforce operating 7 days per week
Proportion of workforce	100%	60%	60%
Operating days per week	5.5 days	5.5 days	7 days
Operating hours	48,000 hours	28,800 hours	40,800 hours
Operating hours per week during FMCO compared to normal day	**100%**	**60%**	**85%**

Our EMS operations were affected due to the restrictions imposed during the FMCO period, which resulted in delays in fulfilling sales orders. However, with 85% operating capacity during the FMCO period, we were able to reduce potential delays for our planned production. In addition, the increase in positive COVID-19 cases amongst our staff between July and August 2021 have also resulted in disruptions of operations due to staffing and allocation of workers. As a result of the restrictions imposed by the Government and the increase in positive COVID-19 cases as mentioned above, our business operations and our monthly revenue for the FPE 31 August 2021 and up to the LPD was affected as summarised in the table below:

	FPE 31 August 2021 and up to the LPD								
	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	Aug 2021	Sept 2021	Oct 2021
Revenue (RM'000)	17,654	30,961	36,501	31,532	30,478	28,466	24,445	28,504	32,273
Month-on-month change (%)		75.38	17.90	-13.61	-3.34	-6.60	-14.13	16.60	13.23

After the uplifting of the Phase 1 NRP condition, we have increased our manufacturing activities to make up for the lost time from the lower manufacturing activity during the FMCO period between the months of June and August 2021. In the event that any prolonged outbreak of the COVID-19 and/or any the implementation of FMCO measures prolonged and/or increase in restrictions to enhanced MCO, this could adversely affect our manufacturing operations and in turn could have an impact on our financial performance for the second half of 2021. Nevertheless, we are of the view that our revenue for the FYE 31 January 2022 will not be materially affected. For the FPE 31 August 2021, our overall revenue increased by 7.8% to RM200.0 million compared to the FPE 31 August 2020.

In addition, we have notified our customers about disruptions and constraints resulting from the FMCO and they have agreed to the deferment of our delivery schedules. In this respect, we do not expect any liquidated ascertained damages to be imposed on us for late delivery of those attributable to the FMCO since 1 June 2021.

Pursuant to the COVID-19 pandemic and the disruptions in global shortage of semiconductors, our customers issue a longer term purchase orders ahead of the requested delivery date for some of our major customers. As at the LPD, we have unbilled purchase orders of approximately RM482.7 million which we are required to fulfill ranging from three (3) months and up to 25 months based on the agreed delivery date as requested by our customers. For further details on unbilled purchase orders, see Section 12.2.19 of this Prospectus. As at the LPD, we have been fulfilling the deliveries based on the agreed delivery date.

Based on the audited combined statements of financial position of our Company as at 31 August 2021, our cash and short-term deposits amounted to RM15.9 million and our total borrowings were RM127.2 million. As at 31 August 2021, our gearing ratio is 1.4 times and current ratio is 1.3 times. As at the LPD, banking facilities available to us for working capital purposes amounted to RM122.0 million, of which RM19.1 million has yet to be utilised.

Accordingly, based on the foregoing and taking into consideration our funding requirements for our committed capital expenditure, expected cash flow to be generated from our operations after adjusting for the Pre-IPO Dividend of RM3.2 million as set out in Section 12.5 of this Prospectus, the impact of the COVID-19 pandemic on our business and the amount of approximately RM1.7 million which has been returned to Mimos and would not be recoverable should BCM Electronics be unsuccessful in its application to the Federal Court of Malaysia as set out in Section 14.6 of this Prospectus, the amount that is available under our existing banking facilities as well as the proceeds to be raised from the Public Issue, we have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus. For details of the impact of COVID-19 pandemic on our Group, see Sections 7.16 and 12.2.2(e)of this Prospectus.

As at the LPD, we have not received any claw-back or reduction in banking facility limits granted to us by financial institutions. We do not expect to face any difficulty in meeting our debt repayment obligations during the next 12 months. We do not anticipate any material impairment to our assets, inventories and receivables.

7.16.5 Impact on our supply chain

The main input materials for our manufacturing operations include PCB and semiconductor components, mechanical, electrical and related parts which are mainly imported. For the FYE 31 January 2021 and FPE 31 August 2021, we faced delays in obtaining certain input materials from our suppliers as there were disruptions in the global supply chain. Consequently, we had to delay the fulfilment of sales orders to our customers for the FYE 31 January 2021 and FPE 31 August 2021.

According to the IMR, during the second quarter of 2021, the global E&E sector continued to experience a shortage of semiconductors such as IC due to the increase in demand for electronic products caused by the COVID-19 pandemic as well as the increased use of semiconductors in automobiles. As at the LPD, our business operations were not materially impacted by the global shortage of the semiconductors given the following factors:

- Some of our major customers including Customer A, Customer B and Customer E commonly provide us with 52 weeks of rolling forecasts that are updated on weekly basis, and in fact since mid August 2021, these customers have provided us with extended rolling forecasts up to 104 weeks. In some situations, we also receive long term purchase orders where we will fulfil the orders up to 18 months. This will enable us to carry out production planning including procurement of input materials and allocation of facilities such as SMT lines for products to be manufactured;

- Our ability to carry out EMS for a diverse product portfolio used across various applications enable us to optimise production planning to meet customers' delivery schedule; and

- Our long-standing business relationships with our major suppliers give us priority to procure input materials including PCB, IC and discrete components. In addition, we are able to secure some form of commitments from suppliers as we are mainly procuring input materials from our customers' approved list of suppliers.

Save as disclosed above, we did not encounter any material supply disruptions for outstanding orders of input materials pursuant to the FMCO that started on 1 June 2021 and up to the LPD.

7.16.6 Impact on our earnings prospects

Our business operations were affected by the COVID-19 pandemic which resulted in a temporary suspension of our business activities followed by subsequent partial operations during the MCO period in 2020 and FMCO period between June and July of 2021.

In 2020, Malaysia's economy and the manufacturing sector contracted by 5.6% and 2.6% respectively due to measures taken to contain the COVID-19 pandemic, while the E&E sector experienced a growth of 2.6%. According to the MOF, the E&E sector is expected to record growth as the COVID-19 pandemic accelerates the structural shifts towards digitalisation, spurring demand for telecommunication, cloud computing and medical devices and products.

The projected global growth of the semiconductor and electronics market in the near term will drive demand for electronics manufacturing that will provide market opportunities for operators including EMS providers in Malaysia. This is substantiated by Malaysia's E&E sector which continues to be the key contributor to export earnings accounting for RM386.1 billion or 39.4% of total exports for 2020. According to the MOF, Malaysia's export of E&E products is forecasted to increase by 12.8% in 2021 driven by higher demand for semiconductors, telecommunication equipment parts, as well as electronic machine apparatus in line with global trend for digitalisation and technology upcycle. The electronics manufacturing industry is dependent upon, among others, the recovery of Malaysia as well as the global economies from the ongoing COVID-19 pandemic, and other local and global factors. Considerations also include the increased pace of digital transformation globally predicated by export demand of E&E products, and performance of domestic manufacturing of the E&E product sector and socio-economic factors such as interest and unemployment rates, lending policies, business confidence and consumer sentiments.

Nevertheless, we are of the view that the COVID-19 pandemic will not have a material adverse impact on our prospects in the long run. This view takes into consideration the gradual recovery of Malaysia's economy.

A Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Act 2020 ("**COVID-19 Act**") was gazetted on 23 October 2020. This COVID-19 Act seeks to offer temporary relief to businesses and individuals who are unable to perform their contractual obligations due to COVID-19. Section 7 of the COVID-19 Act provides that the inability of any parties to perform any contractual obligations arising from the contracts specified in the schedule under the COVID-19 Act including, supply contract and/or sales order contract, shall not give rise to the other party or parties exercising his or their rights under the contract. Furthermore, the COVID-19 Act encourages parties to settle their disputes by way of mediation, in respect of any inability of any party or parties to perform any contractual obligations arising from any categories of contracts as specified in the COVID-19 Act.

In the event we encounter any such disputes, we will attempt and proceed to settle the dispute by way of mediation with the relevant parties for these types of contracts as specified in the COVID-19 Act.

7.16.7 Impact on our future plans and strategies

Part of our future plans including the expansion of production facilities planned to be implemented in the second half of 2021 are as follows:

(i) Construction of a new manufacturing plant: As at the LPD, we have commenced the construction of a new manufacturing plant and is expected to be completed by end of 2021 with planned commencement of operation by first half of 2022. Pursuant to the Phase 1 of the NRP, the construction was temporarily suspended between 1 June 2021 until 11 August 2021 upon the receipt of approval from MITI to recommence the construction. Notwithstanding, the expected completion date remains by end December 2021. However, in the event of any re-imposition of the FMCO condition, this may have an impact on the timing to complete the construction of the new manufacturing plant.

(ii) Purchase of new machinery and equipment: As part of our on-going expansion plans, we have placed orders for two (2) production lines comprising two (2) SMT lines and two (2) AGVs. The installation for the two (2) production lines were completed in August 2021 and October 2021 respectively. If there is any disruption due to the prolonged COVID-19 pandemic and/or restrictions resulting from the re-imposition of MCO measures, this may affect the timing for the installation of the productions lines and in turn, it may adversely affect our future growth and financial performance.

In the event of a prolonged COVID-19 pandemic and/or implementation of FMCO measures and/or increase in restrictions on MCO, this would adversely affect our ability to implementing our future plans and strategies based on the timeline set out in Section 7.4 of this Prospectus. Failure to implement our future plans and strategies in a timely manner may adversely affect our business, results of operations and prospects.

7.17 KEY AWARDS, RECOGNITIONS AND CERTIFICATION

Year	Key award, recognition and certification
1994	• "Appreciation Award" in recognition of excellence in customer service, awarded by a subsidiary of Customer B in Penang.
1997	• "Industry Excellence Award 1997" in appreciation of excellence in quality management, awarded by the MITI.
1998/1999	• We obtained our ISO 9002 quality system certification from Sirim QAS Sdn Bhd.
	• "Quality Award" in recognition of excellence in continuing contribution to quality improvement, awarded by Sony Electronic (M) Sdn Bhd.
	• "Teaming for Excellence Award" under Penang Suppliers Teaming for Excellence Showcase, awarded by a subsidiary of Customer B in Penang.
2000	• "Industry Excellence Award 2000", awarded by the MITI.
	• "For the Good Work" for outstanding support in responding to immediate capacity needs, awarded by Smart Modular Technologies Sdn Bhd.
2001	• "Outstanding Supplier Award" in appreciation of outstanding performance and leadership during the New York City Crisis of September 2001, awarded by Customer B.
2002	• "Government Appreciation" in recognition of valuable contribution, awarded by the Chief Minister of Penang, Malaysia.
	• "Sincere Appreciation" in recognition of valuable contribution, awarded by RosettaNet Malaysia Berhad.
2004	• We obtained our ISO 9001 quality management system certification and ISO 14001 environmental management system certification from TUV Rheinland Cert GmbH.
2009	• We obtained ISO/TSATF 16949 certification (now replaced with IATF 16949) for quality management system for automotive products and services from TUV Rheinland Cert GmbH.
2010	• We obtained EN ISO13485 certification, a quality management system for medical devices and related services, from TUV Rheinland LGA Products GmbH.
2011	• We obtained our ISO 45001 certification an occupational health and safety management system, from TUV Rheinland Cert GmbH.
2012	• "Supplier Excellence Award" in recognition of outstanding supplier performance for commitment, flexibility, quality, service and support demonstrated with over two million units shipped, awarded by Xirgo Technologies.
	• "Outstanding Work" in support of the AT&T/Maersk RCD program by AT&T.
2014	• "Power One" in recognition of exceptional performance in manufacturing.

Year	Key award, recognition and certification
2015	• "Appreciation Award" in the application of the commendable performance on core min point and zero stock-out compliance, awarded by Customer B.
2016	• "Your Moments that Matter" in recognition of outstanding performance and commitment to Customer B and its customers, demonstrated flexibility and agility in the moments that matter, awarded by Customer B Supply Chain and Customer A Supply Chain. • "Supplier Excellence Award" in recognition of outstanding supplier performance for commitment, flexibility, quality, service and support demonstrated with over four million units shipped, awarded by Xirgo Technologies.
2017	• "Promise of Integrity Award" for being the founding suppliers in the supplier workgroup integrity, awarded by Promise of Integrity Alliance.
2018	• "Supplier Excellence Award" in recognition of outstanding supplier performance for commitment, flexibility, quality, service and support demonstrated with over six million units shipped, awarded by Xirgo Technologies.
2019	• "19 Years of Excellence Recognition", awarded by Bel Power Solutions & Protection. • We obtained our ANSI/ESD S20.20 certification, a facility control standard to protect electrical and electronic systems and components from electrostatic discharge from TUV Rheinland.

7.18 MATERIAL LICENSES

Details of the material licenses obtained by our Group for our business operations as at LPD are as follows:

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
1.	BCM Electronics	Royal Malaysian Customs Department ("**RMC**")	**Licensed Manufacturing Warehouse ("LMW")** Microphone and parts thereof, battery charges, printed circuit board assemblies, multi task vehicle adaptor (MTVA), flexible assembles, mobile / portable radio and part thereof, power supply / convertor, electronics power devices, walkie talkie & accessories, fire alarm & part thereof, LED lightning, receiver & transmitter (modem and parts thereof), remanufacturing (FP) & value added-jig & fixtures, kilowatt hour meter (energy meter)	License No.: K16-G6-200700000074A	Issuance date: 23 May 2021 Commencement date: 1 June 2021 Expiry date: 31 May 2022	(a) License and LMW plan approved by the State Director of Customs shall be displayed at a prominent place on the premises.	Complied
						(b) No dutiable goods other than raw materials / components and machinery used directly in manufacturing, and manufactured goods which have been approved by the State Director of Customs may be stored in the licensed manufacturing warehouse.	Complied
						(c) A copy of every plan approved by the State Director of Customs and license shall be displayed at a prominent place on the premise after the premise has been licensed.	Complied
						(d) Manufacturing and movement in and out of dutiable / taxable goods and manufactured goods shall be allowed at any time on any day according to the needs of BCM Electronics.	Complied

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(e) Changes to the structure of buildings and equipment in the licensed premises are not permitted except with the written approval of the State Director of Customs.	Complied
						(f) State Director of Customs may at any time direct licensee to make any changes in the plan deem necessary.	Noted
						(g) The State Director of Customs may require BCM Electronics to install any lock, seal or other safety equipment deemed necessary to ensure against the list of revenue.	Noted
						(h) BCM Electronics shall submit to the Industry Branch Customs Office a Monthly Statement in Bahasa Malaysia by the 28th day of the following month.	Complied

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(i) BCM Electronics shall submit an Annual Statement containing details of raw material/components used, finished good produced, released and balance stock for the period 1 January to 31 December of each year using the format prescribed certified and signed by the accountant of BCM Electronics or other authorized officer by BCM Electronics to the control station before January 31 of the following year. The statement shall be accompanied by the Annual Financial Statement of BCM Electronics which has been audited by an independent auditor.	Complied
						(j) Goods stored in the LMW should be arranged and labelled in such to ensure security as directed and for Customs Inspection.	Complied
						(k) Finished goods manufactured in LMW are to be kept separate from raw materials / components or manufacturing waste.	Complied

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(l) At least 60% finished product (by value) are to be exported, and not exceeding 40% of the finished product can be sold in the local market as approved. Goods sold in domestic market are subject to any prevailing duties / taxes at the time.	Complied
						(m) Disposal of waste including manufacturing waste is subject to the written approval of the State Director of Customs.	Complied
						(n) BCM Electronics is responsible for receiving, movement and storage of dutiable goods in a factory Licensed under Licensed Manufacturing Warehouse.	Complied
						(o) Bank Guarantee / General Bond amounting RM300,000.00 is required from BCM Electronics to ensure the safety of duties/taxes on raw materials/components, finished goods stored in the licensed manufacturing warehouses on the transfer of dutiable goods.	Complied

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(p) BCM Electronics shall keep and maintain daily records of the quantity of raw materials / components in the store, the quantity used for manufacturing and the stock of finished goods produced.	Complied
						(q) BCM Electronics shall notify the proper officer of customs in writing within 14 days if: (i) There is a change in the Board of Director of BCM Electronics; (ii) BCM Electronics has been winded up (iii) An application for winding up BCM Electronics; (iv) Appointment of Receiver or liquidator has been made; and (v) BCM Electronics is subjected to civil claims, bankruptcy, closure and other similar matters.	Noted
						(r) BCM Electronics is required to report any case of fire, natural disaster, theft or loss of raw materials, finished goods ad machines. The report should contain quantity details and the duty / tax involved together with the investigation report from the Fire and Rescue Department and Police Department.	Noted

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(s) Application for renewal of a license shall be made in the format as in Appendix 'B' to the State Director of Customs at least one month before the expiry of the license.	Noted
						(t) The license can be revoked at any time in the event of breach of conditions, under the Customs Act 1967 or Regulations thereunder.	Noted
						(u) All duty/tax involved on the balance of raw materials, components and finished goods are payable (if any) before cancellation of license due to breach o conditions or company apply to cease operations.	Noted
						(v) The issue of a license shall not relieve the applicant or BCM Electronics from the obligation to comply with the requirements of any written law relating to other business.	Noted
						(w) Breach of any conditions of the licensing are an offense which should be compounded under the Customs Act 1967 and the Customs Regulations 1977.	Noted

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(x) BCM Electronics shall prepare and maintain proper records for a period of six (6) years on the details of raw materials / components / parts / finished goods, waste, etc. or as determined by the State Director of Customs.	Noted
						(y) The license is required to keep and maintain record on exempted machines and tools for a period at least ten (10) years. These records shall be made available for inspection by Customs when required and during disposal.	Complied
						(z) Only one entity is allowed to operate within the premises of LMW. Any partnership with another entity within the same area is not allowed.	Complied
2.	BCM Electronics	Pihak Berkuasa Tempatan Taman Perindustrian Hi-Tech Kulim ("**PBT TPHTK**")	**Composite License** (i) Industry license (ii) Non-lighting signboard license (iii) Canteen license	License No.: LK-09/14	Issuance date: - Commencement date: - Expiry date: 31 December 2021	-	-

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
3.	BCM Electronics	MITI	**Manufacturing License** Battery Packs Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A035792	Issuance date: 8 January 2018 Commencement date: 31 October 2017 Expiry date: N/A[(1)]	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI and MIDA.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall ensure that its capital complies with the ratio of capital investment per employee of not less than RM140,000.00 for each employee employed.	Complied
						(d) The total amount of fulltime workforce of BCM Electronics should consist 80% Malaysians. Employment of any foreign employees including employees hired on an outsource basis shall adhere to any current and existing governmental policies.	Complied
						(e) BCM Electronics is required to disclose information relating to the status of investment and projects under the Industrial Co-ordination Act, 1975 and the Malaysian Investment Development Authority (Incorporation) Act, 1965 when required by MIDA.	Noted

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(f) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied
4.	BCM Electronics	MITI	**Manufacturing License** Communication transmitter/receiver equipment Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A 025634	Issuance date: 2 April 2008 Commencement date: 3 March 2006 Expiry date: N/A[(1)]	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied
5.	BCM Electronics	MITI	**Manufacturing License** Remanufacturing-Receiver (GPS) Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: B0445	Issuance date: 5 September 2014 Commencement date: 29 January 2014 Expiry date: N/A[(1)]	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI and MIDA.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
6.	BCM Electronics	MITI	**Manufacturing License** Receiver and Transmitter, Pager and Multitask Vehicle Adaptor, Microphone, Battery Chargers, Printed Circuit Board Assemblies, dan Modem Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A031018	Issuance date: 15 August 2011 Commencement date: 21 March 2011 Expiry date: N/A(1)	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI and MIDA.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied
7.	BCM Electronics	MITI	**Manufacturing License** PCB Assembly such as Wimax Base Station Board and Digital Video System Board Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A030189	Issuance date: 10 August 2010 Commencement date: 6 August 2010 Expiry date: N/A(1)	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
8.	BCM Electronics	MITI	**Manufacturing License** (i) PCB Assembly for Power Monitor, Power Monitor Extension, Phase Power Monitor (ii) Box Build Assembly for Power Monitor, Power Monitor Extension, Phase Power Monitor and Weather Instrument Devices Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A030635	Issuance date: 25 February 2011 Commencement date: 22 February 2011 Expiry date: N/A[1]	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied
9.	BCM Electronics	MITI	**Manufacturing License** Mobiles Radios, Accessories, Components & Parts thereof Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A023895	Issuance date: 31 March 2006 Commencement date: 31 October 2005 Expiry date: N/A[1]	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
10.	BCM Electronics	MITI	**Manufacturing License** LED Lightings Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A033156	Issuance date: 17 April 2014 Commencement date: 16 April 2014 Expiry date: N/A(1)	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI and MIDA.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied
11.	BCM Electronics	MITI	**Manufacturing License** Fire Alarm, Accessories, Components and parts thereof Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A028684	Issuance date: 18 September 2008 Commencement date: 4 July 2008 Expiry date: N/A(1)	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
12.	BCM Electronics	MITI	**Manufacturing License** Kilowatt Hour Meters (Energy Meters) Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A033217	Issuance date: 16 May 2014 Commencement date: 15 May 2014 Expiry date: N/A(1)	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI and MIDA.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied
13.	BCM Electronics	MITI	**Manufacturing License** Electronics Tester for PCB (Printed Circuit Board) Assembly Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A038261	Issuance date: 20 November 2020 Commencement date: 28 September 2020 Expiry date: N/A(1)	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI and MIDA.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied
						(d) BCM Electronics shall ensure that its capital complies with the ratio of capital investment per employee of not less than RM140,000.00 for each employee employed.	Complied

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(e) The total amount of fulltime workforce of BCM Electronics should consists of 80% Malaysians. Employment of any foreign employees including employees hired on an outsource basis shall be in accordance to any current and existing governmental policies.	Complied
14.	BCM Electronics	MITI	**Manufacturing License** IOT (M2M) Modules, Parts and thereof Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A037836	Issuance date: 20 July 2020 Commencement date: 19 March 2020 Expiry date: N/A[1]	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI and MIDA.	Complied
						(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.	Complied
						(c) BCM Electronics shall ensure that its capital complies with the ratio of capital investment per employee of not less than RM140,000.00 for each employee employed.	Complied
						(d) The total amount of fulltime workforce of BCM Electronics should consists of 80% Malaysians. Employment of any foreign employees including employees hired on an outsource basis shall be in accordance to any current and existing governmental policies.	Complied

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(e) BCM Electronics is required to disclose information relating to the status of investment and projects under the Industrial Co-ordination Act, 1975 and the Malaysian Investment Development Authority (Incorporation) Act, 1965 when required by MIDA.	Complied
						(f) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	
15.	Valli Kumaran A/L Ramachandran(2) With the business address of BCM Electronics	MOH	**Wholesaler's Poisons License (Type B License)** License to import, store and sell by wholesale such poisons specified as follows: (i) Antimony, its chlorides, oxides, sulphides, antimonates, antimonites, organic compounds of antimony; and (ii) Bismuth and its salts	License No.: 008123 Registration No.: KB0064/2021	Issuance date: 5 July 2021 Commencement date: 5 July 2021 Expiry date: 31 December 2021	-	-

Notes:

(1) License does not require renewal unless revoked in accordance with the Industrial Co-ordination Act 1975.

(2) He is our employee who is responsible for importing, storing and sale of poisons by wholesale.

The applications for the renewal of the LMW and Wholesaler's Poisons License (Type B License) are submitted to the relevant authority or issuer of the said licenses prior to the expiry date and the renewal are typically obtained prior to the expiry date. We intend to submit the applications for renewal 1 month prior to the expiry of the respective license. Our Group has not encountered any difficulty in maintaining and renewing these licenses annually during the FYE Under Review and FPE 31 August 2021 nor was there any revocation of approval during the FYE Under Review and FPE 31 August 2021. Our Group is also in compliance with all the relevant terms and conditions of all licenses.

7.19 TRADEMARKS

Save as disclosed below, we do not have any other trademarks for our business operations as at the LPD:

(a) As at the LPD, we have registered the following trademarks which we used for the operation of our business:

Trademark	Issuing authority	Registered owner	Date of registration/ Date of the application/ Date of expiry	Registration no.	Class	Status
	Intellectual Property Corporation of Malaysia ("**MyIPO**")	BCM Electronics	**Date of registration:** 5 September 2017 **Date of the application:** 20 October 2016 **Expiry date:** 20 October 2026	2016069492	40[(1)]	Registered
	MyIPO	BCM Electronics	**Date of registration:** 19 September 2017 **Date of the application:** 20 October 2016 **Expiry date:** 20 October 2026	2016069494	42[(2)]	Registered

7. BUSINESS OVERVIEW *(Cont'd)*

(b) As at the LPD, we have submitted the following trademarks to MyIPO for registration but these trademarks have yet to be registered:

Trademark	Issuing authority	Registered owner	Date of filing	Filing no.	Class	Status
ATECH ATECH	MyIPO	ATech	15 March 2021	TM2021007367	40[3]	Pending
ATECH ATECH	MyIPO	ATech	15 March 2021	TM2021007371	42[4]	Pending

Notes:

(1) Custom manufacture of electronic products; manufacture of electronic and electro-mechanical products for use in the aerospace, automotive, aviation, computer, medical, electronic data storage, communications, telecommunications, clean technology and renewable energy, oil and gas, industrial OEM and multimedia equipment OEM industries, to the order and/or specification of others; providing technical consultation in the field of manufacturing electronic products; custom assembling of materials (for others); treatment of materials; all included in Class 40.

(2) Design and testing of electronic products for use in the computer, medical, industrial, telecommunications and automotive industries, to the order and/or specification of others; design and development of manufacturing methods in the field of electronic circuit boards and systems for communications, personal computers, computer peripheral, automotive and consumer products market; product research, development, design, improvement and testing of new products for others; engineering, design, research and development of new products for others; engineering services; technical support services, namely troubleshooting of computer hardware, software and electronics problems; material testing; quality control; all included in Class 42.

(3) Manufacturing and assembly services; manufacturing and assembly of electronic and mechanical components for use in telecommunications, IoT, telematics, power and energy management and control products, LED lighting, battery packs, multi-component integrated circuits; manufacturing including printed circuit board assembly, sub-assembly, and box build; providing technical consultation services in relation to the aforesaid; all included in Class 40.

(4) Engineering services; technical support services in relation to electronic and mechanical components for use in telecommunications, IoT, telematics, power and energy management and control products; all included in Class 42.

7.20 PROPERTIES OF OUR GROUP

7.20.1 Material properties owned by our Group

As at the LPD, we do not own any properties.

7.20.2 Material property tenanted or leased by our Group

Details of the material property tenanted or leased by our Group as at the LPD is as follows:

Tenant	:	BCM Electronics
Landlord	:	Kulim Technology Park Corporation Sdn Bhd
Property	:	An industrial complex in Industrial Zone Phase 1, Kulim Hi-Tech Park
Address	:	Plot 21, Jalan Hi-Tech 4, Industrial Zone Phase 1, Kulim Hi-Tech Park, 09090 Kulim, Kedah Darul Aman
Category of land use	:	Industrial
Description / existing use	:	2 phases of factory / office identified as Phase 1 and 2, car parking bays and motorcycle parking area / manufacturing
Date of issuance of CCC	:	(a) 3 October 1999[(1)] (b) 30 September 2001[(2)]
Land area / built up area (sq. m.)	:	40,627 / 18,189.81
Period of lease	:	60 years from 29 October 1996 to 28 October 2056
Encumbrances	:	(a) Charged to Maybank; and (b) Charged to Maybank Islamic
Age of buildings and structures	:	21 years for Phase 1, 19 years for Phase 2

Notes:

(1) The CCC was issued for Phase 1 building comprising double-storey office building, single-storey production area, one and half storey facility section and guard house.

(2) The CCC was issued for Phase 2 building comprising double-storey office building, single-storey production area, one and half storey warehouse or utility section, covered passageway and motorcycle shed.

The above property was revalued on 31 January 2021 and forms part of the NA of BCM Electronics as at 31 January 2021 which was, in turn, the basis in arriving at the purchase consideration for the acquisition of the entire equity interest of BCM Electronics by our Company pursuant to the Pre-IPO Restructuring. The market value of the said property as at 31 March 2021 assessed based on the cost approach as the primary approach and the income approach (investment method) as a cross check was RM28,000,000. The certificate of valuation for the said property is set out in Annexure B of this Prospectus. Our Group is in compliance with all the relevant laws, regulations, rules or requirements governing our tenanted property.

We are also in the midst of expanding our production facilities to meet future growth and demand. The expansion of our production facilities involves the construction of a new manufacturing plant consisting of a single-storey building with a proposed built-up area of 61,909 sq. ft. which will increase our manufacturing floor space for EMS operation by approximately 69% to 132,821 sq. ft. in total. As at the LPD, the physical building construction of our new manufacturing plant is approximately 38% complete and is expected to be fully completed by end 2021.

7.21 EMPLOYEES

The following table sets out the employees in our Group as at 31 January 2021 and as at the LPD by their functional areas:

	As at 31 January 2021			As at the LPD		
	Local	**Foreign**	**Total**	**Local**	**Foreign**	**Total**
Management & Professionals	40	-	40	38	-	38
Technical professionals (if any)	121	-	121	122	-	122
Sales and marketing	15	-	15	15	-	15
Clerical and administrative	106	-	106	105	-	105
Factory floor workers	771	31	802	749	-	749
Total	**1,053**	**31**	**1,084**	**1,029**	**-**	**1,029**

Our Group's entire workforce is based in Kulim, Kedah. As at the LPD, we have 57 contract workers for our factory floor who are not our employees but supplied by third parties. None of our employees belong to any union nor are they parties to any collective agreements and we have not experienced any strikes or other disruptions due to labour disputes.

7.22 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS, AGREEMENTS AND OTHER ARRANGEMENTS

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

(i) Customer A Supplier Managed Inventory Agreement

Contracting parties	BCM Electronics and Customer A's holding company, on behalf of itself and its subsidiaries and affiliates including Customer A (collectively referred to as "**Customer A HoldCo**").
Description	The Customer A Supplier Managed Inventory Agreement sets out the general terms and conditions for BCM Electronics to supply products to support Customer A HoldCo's inventory levels at a hub located in Penang where the actual purchase of products by Customer A HoldCo and supply of products required to maintain Customer A HoldCo's inventory level for immediately available products are governed by separate purchase orders.
Term/duration	After the initial term of the Customer A Supplier Managed Inventory Agreement had expired on 1 February 2017, the Customer A Supplier Managed Inventory Agreement is automatically renewed for successive one (1) year periods.
Governing law	The law of the State of California, USA.
Termination/ events of default	Either party may terminate the Customer A Supplier Managed Inventory Agreement for its convenience with at least sixty (60) days written notice to either party prior to the anniversary date of the Customer A Supplier Managed Inventory Agreement.

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

Payment terms	Payment terms for any valid and non-disputed invoice are net seventy five (75) days from the date of receipt of product.
Late delivery	If delivery of the products is not timely completed, Customer A reserves the right, without liability and in addition to all its other rights and remedies: (i) to terminate the order by notice effective when received by Customer A as to products not yet shipped, and to purchase substitute products elsewhere and at Customer A's option charge BCM Electronics with any loss incurred; (ii) to request that BCM Electronics, at its expense, ship products by expedited means and (iii) to recover from BCM Electronics any damages it incurs, including but not limited to any damages it is required to pay to any third parties.
Product liability	BCM Electronics shall indemnify, defend and hold Customer A, its officers, directors, employees, agents, customers, and affiliates ("**Customer A Indemnified Parties**") harmless from and against any and all demands, claims, actions, causes of action, proceedings, suits, assessments, losses, damages, liabilities, settlements, judgments, fines, penalties, interest, costs and expenses of every kind of claim (i) which claim alleges that the product, the use or sale of the product, or the equipment or processes used to manufacture and/or assemble the product infringe the patent, copyright, trademark, trade secret or other form of intellectual property right belonging to a third party or BCM Electronics has engaged in unfair competition as a result of similarity in design, trademark or appearance of the product; (ii) based upon personal injury or death or injury to property to the extent any of the

Product liability *(cont'd)*	foregoing is proximately caused either by a defective product, or by the negligent or willful acts or omissions of BCM Electronics or its officers, employees, subcontractors or agents; and (iii) based on BCM Electronics' breach of the terms of the purchase order.

(ii) Customer B Manufacturing Services Agreement

Contracting parties	BCM Electronics and Customer B
Description	The Customer B Manufacturing Services Agreement establish the terms and conditions that will apply each time Customer B engages BCM Electronics to render manufacturing services. The Customer B Manufacturing Services Agreement do not obligate Customer B to any minimum or exclusive purchase requirement.
Term/duration	After the initial term and the renewal term of Customer B Manufacturing Services Agreement had expired on 1 October 2014 and 1 October 2016 respectively, the Customer B Manufacturing Services Agreement will automatically renew for additional successive one (1) year periods unless within six (6) months prior to the end of any additional one (1) year period, one party notifies the other in writing that it will not renew the Customer B Manufacturing Services Agreement.
Payment terms	Payment terms for all invoices will be eighty (80) days from receipt of the products and a correct corresponding invoice.
Main products	Communication devices and accessories
Late delivery	If BCM Electronics fails to deliver according to the requirements of any forecast, order, or delivery commitments under the schedule sharing program, provided and to the extent such failure is not caused by Customer B or is caused by an act or omission of a supplier to BCM Electronics and Customer B agrees that the act or omission was outside BCM Electronics' control, then at Customer B's option and in its sole discretion, BCM Electronics shall either (i) reimburse Customer B for all customer charges and penalties Customer B incurs or (ii) pay Customer B liquidated damages in the amount of 1% of the price of the delayed delivery or performance for each calendar day of delay, computed from the due date up to an aggregated payment per individual order of 20% of the price of the delayed delivery or performance. After 20 days of delay, Customer B may (i) immediately terminate any order or forecast, in whole or in part, without liability to BCM Electronics of any kind, including but not limited to, liability for materials, material claims, work-in-progress, or finished goods relating to the terminated order or forecast, and (ii) exercise any other contractual, legal and equitable remedies to which Customer B is entitled under the Customer B Manufacturing Services Agreement or any applicable law.
Product liability	BCM Electronics shall fully defend, indemnify and hold harmless Customer B, and all of its past, present and future affiliates, customers, distributors, officers, directors, employees, contractors, successors, assigns, agents, attorneys and insurers ("**Customer B Indemnitees**") against any and all claims for any death, injury or property damage caused by or arising from the acts or omissions of BCM Electronics, its past, present or future officers, directors, employees, contractors, subcontractors, representatives or agents arising from or connected with the performance of the Customer B Manufacturing Services Agreement with respect to a product. BCM Electronics shall reimburse Customer B Indemnitees for all losses, costs and expenses the Customer B Indemnitees incur as a result of such claims, including courts costs and attorneys' fees.

Customer B's liability for product cancellation	Customer B is entitled to cancel any or all of its forecasts or orders for any product and such cancellation is effective immediately upon receipt of notice by BCM Electronics. Should Customer B cancel fewer than all of its forecasts or orders for a product, the cancellation will be treated as a reduction in Customer B's requirements, and BCM Electronics exclusive remedy is for Customer B, subject to certain conditions, to either pay BCM Electronics a carrying charge on materials or buy materials from BCM Electronics. Should Customer B cancel all forecasts and orders for a product, subject to certain conditions, Customer B will pay BCM Electronics the following amounts: (i) the contract price for all units of the products that are finished goods at the time of cancellation, and a prorated price (to be negotiated at the time of termination) for all units of the product in a work-in-process state; (ii) the contract price for all units of the product in analysis and/or work-in-process for the repair of workmanship-related defects or for defects related to materials; and (iii) the price BCM Electronics paid for all required materials.
Governing law	The laws of the State of Illinois, USA.
Jurisdiction	The state or federal courts within the geographic bounds of the United States District Court for the Northern District of Illinois, USA.
Termination/ events of default	The Customer B Manufacturing Services Agreement may be terminated for cause by either party for failure by the other party to cure a breach of any material term or condition of the Customer B Manufacturing Services Agreement. Such termination will be effective 30 days following written notice of the breach, unless the breach is cured within such notice period or such other notice period as may be agreed to by the parties. If Customer B terminates the Customer B Manufacturing Services Agreement for cause under any provisions of the Customer B Manufacturing Services Agreement, Customer B will have the right to cancel without liability to any open purchase orders for products not yet shipped and will have no liability under any forecasts it may have issued for any product. In addition, BCM Electronics will pay all of Customer B's reasonable and actual costs to transfer the products to another supplier of manufacturing services. Either party may immediately terminate the Customer B Manufacturing Services Agreement upon written notice in the event the other party files a bankruptcy petition of any type or has a bankruptcy petition of any type filed against it, ceases to conduct business in the normal course, becomes insolvent, enters into suspension of payments, moratorium, reorganization, makes a general assignment for the benefit of creditors, admits in writing its inability to pay debts as they mature, goes into receivership, or avails itself of or becomes subject to any other judicial or administrative proceeding that relates to insolvency or protection of creditors' rights. If Customer B provides notice of termination of the Customer B Manufacturing Services Agreement because of BCM Electronics' insolvency or substantial change in ownership, then Customer B will have the right to cancel without liability any open purchase orders, and will have no liability under any forecasts it may have issued for any product. If BCM Electronics terminates under this provision, Customer B's liability for product cancellation remains.

Termination/ events of default *(cont'd)*	Customer B may terminate the Customer B Manufacturing Services Agreement for convenience at any time, with two hundred and seventy (270) days advance written notice. BCM Electronics may terminate the Customer B Manufacturing Services Agreement for convenience with three hundred and sixty (360) days advance written notice. If Customer B terminates the Customer B Manufacturing Services Agreement for convenience, BCM Electronics' sole and exclusive remedy is to be reimbursed by Customer B as set forth in the term in relation to Customer B's liability for product cancellation remains. Immediately following the receipt of such notice, BCM Electronics will only manufactures products as thereafter agreed by the parties in writing.

(iii) Customer C Manufacturing And Supply Agreement

Contracting parties	BCM Electronics and Customer C
Description	The Customer C Manufacturing And Supply Agreement sets out the general terms and conditions governing the purchases of goods and services. The Customer C Manufacturing And Supply Agreement is not exclusive and specifically does not limit in any way Customer C's right to have third parties to provide the manufacturing services.
Term/duration	1 August 2018 to 1 August 2021. The Customer C Manufacturing And Supply Agreement will automatically renew for an additional one (1) year term, unless terminated in writing by either party two (2) months prior to expiration of the initial term.
Payment terms	Invoices shall be paid seventy-five (75) days after the date of the invoice.
Main products	The products include, without limitation, IoT wireless asset tracking devices and may be updated to include other products from time to time upon the mutual written consent of the parties.
Governing law	The laws of the United Kingdom.
Arbitration	Any dispute, controversy or claim arising out of or in relation to the Customer C Manufacturing And Supply Agreement, or the breach termination or invalidity thereof shall be settled, in so far as it is possible, by mutual consultation and consent. If any of the parties is unable to reach mutual consent within thirty (30) days after the notice by any party to the other to the dispute, difference, controversy or claim, the question shall be finally settled by arbitration in United Kingdom. The tribunal shall consist of one arbitrator to be appointed by the arbitration in United Kingdom.
Termination/ events of default	Either party may terminate the Customer C Manufacturing And Supply Agreement based on the material breach of the other party, provided that the party alleged to be in material breach fails to cure such breach or default within thirty (30) days after receipt of a written notice of default from the other party. Either party may terminate the Customer C Manufacturing And Supply Agreement immediately if the other party becomes insolvent or has a receiver, administrative receiver or administrator appointed or passes a resolution or has a petition presented for its winding-up (other than for the purpose of amalgamation or reconstruction) or any equivalent event occurs under any relevant jurisdiction.

Termination/ events of default *(cont'd)*	Termination of the Customer C Manufacturing And Supply Agreement will not prejudice accrued rights and liabilities (including payment for products shipped and costs incurred in fulfillment of demand forecasts) of either party. BCM Electronics will be entitled to perform against all accepted orders placed prior to the termination of the Customer C Manufacturing And Supply Agreement and the terms of the Customer C Manufacturing And Supply Agreement will continue to apply to such orders and their fulfillment.

Neither the Customer C Manufacturing And Supply Agreement nor the latest purchase order issued by Customer C as at the LPD contains provisions relating to penalties for late delivery or product liability.

(iv) Customer D Related Co Master Purchase Agreements

Contracting parties	BCM Electronics and Customer D as well as its related corporation ("**Customer D Related Co**")
Description	The Customer D Related Co Master Purchase Agreements are intended to be the master agreements between the parties that set out the general terms and conditions governing the purchases of goods and services. The Customer D Related Co Master Purchase Agreements do not obligate Customer D Related Co to any minimum or exclusive purchase requirement.
Term/duration	1 March 2016 to 1 March 2024, unless terminated pursuant to the terms of the Customer D Related Co Master Purchase Agreements.
Payment terms	Customer D Related Co shall pay to BCM Electronics all undisputed amounts due on invoices pursuant to payment terms set forth in the Customer D Related Co Master Purchase Agreements or any purchase order issued thereunder. In the event that any services and products pricing exhibit, purchase order or affiliate addendum does not specify payment terms, all payments will be made within a period of more than sixty (60) days but less than eighty (80) days from receipt of invoice.
Main products	Telematic instrumentation devices.
Late delivery	BCM Electronics' failure to meet any delivery date or delivery schedule for any reason other than force majeure or Customer D Related Co delay without Customer D Related Co's prior written consent may constitute a material breach of agreement or default thereunder. Customer D Related Co shall have the right at any time, upon reasonable prior notice to access BCM Electronics' facilities to inspect any work in progress in order to verify timeliness of performance and quality control. In the event that Customer D Related Co reasonably determines that BCM Electronics will be unable to meet any delivery date(s), Customer D Related Co shall have the right to either: (i) acquire the work from a third-party source and charge BCM Electronics for any costs in excess of the purchase order price for such work; or (ii) pursue the remedies set forth in provisions concerning default and termination for cause. Customer D Related Co's damages for inability to meet its obligations to its own customers will be difficult if not impossible, to determine and therefore both parties agree that Customer D Related Co may, at its sole and absolute discretion, charge BCM Electronics liquidated damages in the amount of three percent (3%) per week of delay, not as a penalty, but as a reasonable estimate of Customer D Related Co's actual damages resulting from BCM Electronics' delay.

Product liability	BCM Electronics agrees to release, indemnify, defend and hold Customer D Related Co, its officers, agents, and employees harmless from any loss, cost, damage, penalty, fine or bodily injury (including death) of whatsoever kind or nature arising out of or incidental to Customer D Related Co's performance under the Customer D Related Co Master Purchase Agreements except to the extent caused by Customer D Related Co's negligence or willful misconduct.
Governing law	The laws of the USA and the States of Texas.
Jurisdiction	The federal and state courts located in Harris County, State of Texas, USA.
Termination/ events of default	Customer D Related Co has the right to cancel or terminate the Customer D Related Co Master Purchase Agreements or any purchase order, or any part thereof for convenience, without cause or for any reason whatsoever. In the event of such cancellation or termination for convenience, BCM Electronics will be entitled to payment in full for all work satisfactorily provided prior to the date of the cancellation, plus any reasonable expenses incurred by BCM Electronics in terminating orders and work in progress, less any money previously paid to BCM Electronics. Customer D Related Co shall provide 60 days written notice of such cancellation or termination to BCM. In the event of BCM Electronics': (a) breach of the Customer D Related Co Master Purchase Agreements or default under any provision of the Customer D Related Co Master Purchase Agreements and failure to cure such breach or default within 10 days after notice from Customer D Related Co; (b) bankruptcy, reorganization, receivership, insolvency, or making an assignment for the benefit of creditors; or (c) evidence of financial or organizational instability, Customer D Related Co has the right, in addition to any rights or remedies it may have in law, in equity, or under the Customer D Related Co Master Purchase Agreements, to immediately cancel the Customer D Related Co Master Purchase Agreements for cause by written notice to BCM Electronics. Upon termination by Customer D Related Co as a result of BCM Electronics' default, BCM Electronics will be liable to and will immediately reimburse Customer D Related Co for all costs of any nature in excess of the applicable price under the Customer D Related Co Master Purchase Agreements which may incurred by Customer D Related Co to effect completion of performance pursuant to the Customer D Related Co Master Purchase Agreements or any issued purchase orders thereunder.

Customer D Affiliate Addendum Agreement adopts and incorporates by reference all of the terms and conditions of the Customer D Related Co Master Purchase Agreements.

(v) Electronic Manufacturing Services Agreement dated 1 August 2019 ("Customer F Electronics Manufacturing Services Agreement")

Contracting parties	BCM Electronics and Customer F
Description	The Customer F Electronics Manufacturing Services Agreement sets out the general terms and conditions governing the purchases of goods and services.
Term/duration	1 August 2019 to 1 August 2024, unless terminated pursuant to the express terms of the Customer F Electronics Manufacturing Services Agreement or by express written agreement of the parties.

Payment terms Net sixty (60) days on cash basis from the date of invoice sent by BCM Electronics to Customer F.

Main products The products include but not limited to 2G, 3G, 4G, NB-IoT/eMTC and GNSS modules, MiniPCIe modules, EVB kits, TE-A/TE-B boards, etc.

Late Delivery Unless otherwise agreed by parties, if BCM Electronics is unable to or fails to deliver the products on schedule, BCM Electronics shall notify Customer F within one (1) business day with valid reasons and to provide the new delivery date as well as the product quantity for the shipment.

Unless otherwise agreed by the parties, BCM Electronics shall prepare all necessary resources to meet the manufacture order and delivery order provided by Customer F, and inform Customer F via a written commitment letter to notify the manufacturing capacity within two (2) business days after the receipt of such manufacture order. BCM Electronics shall fulfill the commitment to Customer F after signing such commitment letter. In case of any breach of such commitment which is within the control of BCM Electronics, BCM Electronics shall pay Customer F an amount equal to one-half percent (0.5%) of the product value of the delayed products for each day of delay in delivery for up to maximum ten percent (10%) of the product value of the delayed products, equivalent to twenty (20) business days delays. Customer F reserves the rights to terminate the Customer F Electronics Manufacturing Services Agreement or cancel the current orders if the delay exceeded twenty (20) business day. If the delay is caused by Customer F, BCM Electronics shall bear no responsibility and liability. Customer F shall be liable to pay BCM Electronics for the works done for such products.

Product liability Either party shall indemnify, defend and hold the other party harmless from any and all troubles and legal liabilities arising from the use of such party's services which cause infringements of any third party's right or interests. If either party causes personal injury or property damage to any third party due to negligence or omission, it shall notify the other party immediately after receiving the notice from such third party, the other party shall use reasonable efforts to provide assistance to such party involved.

Notwithstanding anything to the contrary in this agreement, BCM Electronics shall not be responsible for product defects, guarantee liabilities and related contractual or legal liabilities arising from any cause not attributable to BCM Electronics.

Material and equipment management If the Customer F Electronics Manufacturing Services Agreement is terminated, Customer F shall have the right to take away the equipment or materials invested by Customer F at the end of the termination and BCM Electronics shall not prevent Customer F from taking away the equipment and materials belonging to Customer F if there is no outstanding money owing by Customer F to BCM Electronics.

Governing law The law of China.

Dispute Settlement Both parties agree to settle the dispute by way of friendly consultation when the dispute arose. In the event that friendly consultation does not work, both parties shall endeavor to seek an intermediary mediator.
In the event that none of the above methods work, the parties shall submit the dispute to Hong Kong International Arbitration Centre for arbitration in Hong Kong ("**HKIAC**"), China in accordance with the valid arbitration rules of HKIAC.

Dispute Settlement *(cont'd)*	The arbitration award is final and binding on both parties. The arbitration cost shall be borne by the losing party. In addition to the dispute submitted for arbitration, both parties shall continue to fulfil their respective obligations under the other provisions of the Customer F Electronics Manufacturing Services Agreement.
Termination/ events of default	If either party fails to fulfill its obligations under the Customer F Electronics Manufacturing Services Agreement, both parties may negotiate in a friendly manner. If either party fails to make corresponding corrective actions or fails to submit a written corrective action plan within sixty (60) days after receiving notification from the other party, the party giving the notification is entitled to terminate the Customer F Electronics Manufacturing Services Agreement eighteen (18) months after giving written notice of termination of the Customer F Electronics Manufacturing Services Agreement. The Customer F Electronics Manufacturing Services Agreement shall be terminated immediately if either of the parties is (a) bankrupt; (b) in the bankruptcy liquidation stage of the assets; or (c) in the liquidation stage of the assets or is summoned for furthering interests by its creditors. Either party may give eighteen (18) months advance written notice for terminating the Customer F Electronics Manufacturing Services Agreement to the other party without cause of termination provided the receiving party agreed to such termination. In this instance, BCM Electronics must complete all manufacture orders and delivery orders placed by Customer F prior to the termination of the Customer F Electronics Manufacturing Services Agreement, and Customer F must settle all the processing fee due to BCM Electronics the time stipulated in the Customer F Electronics Manufacturing Services Agreement. If the Customer F Electronics Manufacturing Services Agreement is terminated, Customer F is obliged to buy back the unique equipment invested by BCM Electronics and pay BCM Electronics within 30 days of such buy back[(1)]. ***Note:*** *(1) As at the LPD, there is no unique equipment (i.e. equipment that are designed or can be used only for the production of Customer F products) invested by BCM Electronics.*

For information purposes, Customer F operates in wireless communications industry and is principally involved in design, production, R&D and sales services of wireless communication modules and solutions in the IoT field, and the company is incorporated in China. Customer F is a public listed company which is listed on the Shanghai Stock Exchange with its headquarters in China. Customer F's name has not been disclosed to safeguard the competitive position of our Group and Customer F in the market in which we and/or Customer F operate.

See the notes in Section 5.1.1 of this Prospectus for further details of Customer A, Customer B, Customer C, Customer D and Customer E. See Section 7.18 of this Prospectus for further details of the material licenses and approvals which our Group is dependent on.

7.23 GOVERNING LAWS AND REGULATIONS

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

(i) The Industrial Coordination Act 1975 ("ICA")

The ICA requires a person engaging in any manufacturing activity with the shareholders' funds of RM2.50 million and above or employing 75 or more full-time paid employees to obtain a manufacturing license.

Pursuant to Section 3(1) of the ICA, no person shall engage in any manufacturing activity unless he is issued a license in respect of such manufacturing activity. The ICA defines "manufacturing activity" as the "making, altering blending, ornamenting, finishing or otherwise treating or adapting any articles or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade".

Any person who fails to comply with the requirements of Section 3(1) of the ICA is guilty of an offence and is liable on conviction to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding six months and to a further fine not exceeding RM1,000.00 for every day during which such default continues.

As at 3 November 2021, our subsidiary, BCM Electronics, which manufactures a variety of electronics products, holds and maintains a valid manufacturing license.

(ii) Customs Act 1967 ("CA")

The CA governs, among others, the levying of custom duties, port clearances, warehousing and other custom-related matters.

Pursuant to Sections 65 and 65A of the CA, the Director General of Customs may on payment of such fees as may be fixed by him in each case, grant a license to any person for warehousing and manufacturing goods liable to custom duties and any other goods in a place or places specified in the license.

Our subsidiary, BCM Electronics is a LMW company whose license was granted by the Director General of Customs for the warehousing and manufacturing of approved products on our premise located at Plot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Park, Phase 1, 09090 Kulim, Kedah. With the issuance of the manufacturing warehouse license, our raw materials and components used directly in the manufacturing process are exempted from custom duties.

As at 3 November 2021, our subsidiary, BCM Electronics holds and maintains valid manufacturing warehouse license issued by the RMC.

(iii) Poisons Act 1952 ("PA")

The PA provides regulations for importation, possession, manufacture, compounding, storage, transport, sale and use of poisons. Section 15 of the PA provides that no poison shall be sold by wholesale except by a licensed wholesaler in accordance with the terms and conditions of the license.

Any person who sells or delivers any poison by wholesale in contravention of this section shall be guilty of an offence against the PA. The Director General of Health or the Director of Pharmaceutical Services or the Director of Medical and Health Services of any State duly appointed in writing by the Director General of Health to be a Licensing Officer of any State or the Federal Territory may under Section 26 of the PA, issue to any person whom the Licensing Officer may consider to be a fit and proper person to hold a Type B License, or issue to a responsible officer of a company incorporated under the Act to import, store and sell by wholesale such poisons as may be specified in such license.

Any person guilty of an offence against the PA, for which no other penalty is specifically provided by the PA, shall be punishable by a fine not exceeding RM3,000.00 or by imprisonment for a term not exceeding one year or both. Where a person charged with an offence against the PA is a body corporate every person who, at the time of the commission of such offence, is a director or officer of such body corporate may be charged jointly in the same proceedings with such body corporate and where the body corporate is convicted of the offence charged, every such director or officer shall be deemed to be guilty of such offence unless he proves that the offence was committed without his knowledge or that he took reasonable precautions to prevent its commission.

As at the LPD, our Director of Finance, Valli Kumaran A/L Ramachandran holds and maintains the Wholesaler's Poisons License (Type B License) to import, store and sell by wholesale the antimonites, organic compounds of antimony and its salts on behalf of our subsidiary, BCM Electronics.

(iv) Local Government Act 1976

Pursuant to Section 102 of the Local Government Act 1976, local authorities are empowered to make, amend and revoke by-laws. As our business is carried out in Kulim Hi-Tech Industrial Park, we come under the jurisdictions of the Kulim Hi-Tech Industrial Park Local Authority ("**Local Authority**") and the relevant by-laws governing the conduct of our business would be the Licensing of Premises for Trades, Business and Industries (Kulim Municipal Council) By-Laws 2010 ("**By-Laws 2010**").

The By-Laws 2010 provides that no person shall use any place or premises within the area of the Local Authority for any trade, business or industry without a license issued by the Local Authority. A contravention of By-Laws 2010 would result in an offence, which upon conviction, be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding one year or to both and in the case of a continuing offence be liable to a fine not exceeding RM200.00 for every day during which the offence is continued after conviction. As at 3 November 2021, our subsidiary, BCM Electronics holds and maintains a valid composite license issued by the Local Authority.

(v) Environmental Quality Act 1974 ("EQA")

The EQA sets out provisions in respect of prevention, abatement, control of pollution and enhancement of the environment. It is an offence under the EQA for any person, unless licensed to do so, to amongst others:

(a) emit or discharge wastes into the atmosphere;

(b) emit or cause or permit to be emitted any noise greater in volume, intensity or quality;

(c) pollute or cause or permit to be polluted any soil or surface of any land; or

(d) emit, discharge or deposit any wastes into any inland waters,

in contravention of the acceptable conditions specified in the EQA.

The EQA also empowers the Minister charged with the responsibility for environment protection to make regulations specifying acceptable conditions for the emission, discharge or deposit of environmentally hazardous substances, pollutants or wastes or the emission of noise into the environment. Among the regulations which have been issued includes the Environmental Quality (Scheduled Wastes) Regulations 2005 ("**Regulations 2005**") and Environmental Quality (Clean Air) Regulations 2014 ("**Regulations 2014**"). The Regulations 2005 has specified, among others, the following requirements:

(a) Any person who generates scheduled wastes ("**Waste Generators**") shall, within 30 days from the date of generation of scheduled wastes, notify the Director General of Environmental Quality ("**DGEQ**") of the new categories and quantities of scheduled wastes which are generated.

(b) Scheduled wastes shall be disposed of at prescribed premises only and shall, as far as practicable, before disposal, be rendered innocuous.

(c) Scheduled wastes shall be treated at prescribed premises or at on-site treatment facilities only and the residuals from treatment of scheduled wastes shall be treated and disposed of at prescribed premises.

(d) Any Waste Generators may apply to the DGEQ in writing to have the scheduled wastes generated from their particular facility or process excluded from being treated, disposed of or recovered in premises or facilities other than at the prescribed premises or on-site treatment or recovery facilities. If the DCEQ is satisfied with the application made, the DGEQ may grant a written approval either with or without conditions.

(e) Any Waste Generators shall keep an accurate and up-to-date inventory of scheduled waste generated, treated and disposed of in accordance with the fifth schedule of the Regulations 2005 and of materials or product recovered from such scheduled wastes for a period up to 3 years from the date of the scheduled wastes was generated.

Our Group has appointed a licensed service provider to carry out waste collection, transportation, disposal, treatment and waste management related services at our factory premises.

Pursuant to Regulations 2014, every premises shall be equipped with an air pollution control system in accordance with the specifications as determined by the DGEQ, where the owner or occupier of the premises shall operate and maintain the air pollution control system in accordance with sound engineering practice and ensure that all components of the air pollution control system are in good working condition. The owner or the occupier of the premises and the professional engineer shall, within 30 days after the commencement of operations at the premises, submit a written declaration to the DGEQ, in such form as determined by the DGEQ, certifying that the design and construction of the air pollution control system have complied with the specifications as determined by the DGEQ. Nevertheless, Regulations 2014 is applicable to:

(a) any premises used for any industrial or trade purposes, or on which matter is burnt in connection with any industrial or trade purposes, including burning of waste, whether or not the premises are prescribed under Section 18 of the EQA;

(b) any other premises or process that discharges or is capable of discharging air pollutants into the open air;

(c) any industrial plant; and

(d) any fuel burning equipment.

Our factory premises have been equipped with air pollution control systems, which construction has been acknowledged by the Department of Environment. As at the LPD, our Group has not received any notices, penalties or reprimands from the Department of Environmental for non-compliance of the environmental laws and regulations.

7.24 ESG PRACTICES

We strive to adopt the following ESG practices to ensure environmentally responsible operations, a conducive workplace for employees, and support the local communities.

(i) Environmental

Our mission is to be a best-in-class Green EMS company that promotes environmental sustainability. Since 2004, our manufacturing facilities are certified ISO 14001 for environmental management system where we have adopted best practices for our business operations as outlined below:

- Promote 3R to increase recycling, recovery and reuse on the production floor including recovery of solder dross for reuse, and reuse of plastic tray, containers and carton boxes and recycling of plastic wastes, carton boxes, PCBA scraps and metal parts.
- Practice paperless administration where practical to reduce our carbon footprint.
- Promote efficient production where we gradually increase automation of our manufacturing processes and reduce human intervention in critical processes to maintain product quality.
- Promote energy conservation where our manufacturing facilities are equipped with LED lighting, and where high energy usage equipment such as chillers and air handling units are installed with auto timers to shut down the equipment when not in use or during off-peak periods.

- Reduce our carbon footprint by promoting the use of renewable energy where we plan to install a rooftop solar photovoltaic system for our new manufacturing plant which is under construction as at the LPD.

- Provide adequate green areas where our manufacturing premises in Kulim Hi-Tech Park has approximately 25% of green area.

- Comply with the Department of Environment's regulations to prevent degradation and pollution of the environment.

(ii) Social

Employees

We are committed to maintaining a safe and healthy workplace for employees. We have in place operational safety policies which include safety briefings and regular fire drills and training by our Health and Safety Committee. Since 2011, our operational facility is ISO 45001 certified for occupational health and safety management systems.

For the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, we recorded workplace accident rates with occupational accident rate* of 4.36, 2.09 and 1.91 compared to the DOSH national standard occupational accident rate* of 2.53 for 2020. There was no workplace accident for the FPE 31 August 2021. Our occupational accident rate of 4.36 for the FYE 31 January 2019 was attributed to four (4) incidents related to employees' carelessness. The most severe incident of the four (4) incidents was not related to our manufacturing operations. The incident had involved a staff who suffered a minor fracture in her fifth metacarpal bone as a result of another employee accidentally pushing her from the back while exiting our premises. We have reiterated to our employees the need to maintain vigilance at the workplace to prevent such recurrence.

Note:

* *Refers to occupational accident rate per 1,000 workers.*

We support and practice workplace equal opportunity, and gender and cultural diversity. From this aspect, we provide equal employment, career development and fair pay advancement to attract and maintain talents, as well as encourage the hiring of local talents. As at the LPD, all our employees are Malaysian.

We provide training and development to our employees through hands-on and in-house and external training programmes, based on our training needs analysis programmes.

We have procedures and policies to ensure ethical trade, human rights, fair labour practices and non-discrimination on ethnicity, gender and age. As at the LPD, our male and female workers accounted for approximately 20% and 80% of the total of 1,086 workers (comprising of 1,029 permanent employees and 57 contract workers) respectively. We have put in place business practices to promote compliance to the Responsible Business Alliance (RBA) code of conduct to ensure that our working conditions are safe for our employees, they are treated with respect and dignity, and ensure that our business operations are environmentally responsible.

Community

We endeavour to support and provide benefits to the local communities. As at the LPD, our entire workforce is employed from local communities.

We also offer internships to the local communities to increase the skill levels and provide jobs for our local communities. We also carry out corporate social responsibilities activities where our employees volunteer in various community activities, including visiting aged care homes and orphanage houses. We also donate to various causes and help some of the people in the local communities.

(iii) Governance

We are committed to a high standard of corporate governance that our employees uphold a high standard of integrity and governance in business conducts and dealings internally as well as with external stakeholders.

To this end, we are a member of the "Promise of Integrity Alliance" in Penang since 2017 where the founding members comprise some of the local and multinational electronics corporations in Penang and members are mainly electronics corporations operating in the Northern Region of Peninsular Malaysia.

We also have in place policies and procedures to promote and maintain compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Whistleblower Protection Act 2010.

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Tel: (603) 7931-3188
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Website: www.vitalfactor.com

10 November 2021

The Board of Directors
Aurelius Technologies Berhad
Plot 21, Jalan Hi-Tech 4
Kulim Hi-Tech Park, Phase1
09090 Kulim
Kedah Darulaman, Malaysia

Dear Sirs/Madam

Independent Assessment of the Electronics Manufacturing Industry

We are an independent business consulting and market research company in Malaysia. We commenced our business in 1993 and, among others, our services include the development of business plans incorporating financial assessments, information memorandums, commercial due diligence, feasibility and financial viability studies, and market and industry studies. We have been involved in corporate exercises since 1996, including initial public offerings and reverse takeovers for public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities), acting as the independent business and market research consultants.

We have been engaged to provide an independent industry assessment on the above for inclusion into the prospectus of Aurelius Technologies Berhad concerning its proposed listing on the Main Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, availability of up to date of information, secondary information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Our report may include assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from The University of New South Wales, Australia and a degree in Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and Institute of Managers and Leaders (formerly known as the Australian Institute of Management). He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing on Bursa Securities.

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INDEPENDENT ASSESSMENT OF THE ELECTRONICS MANUFACTURING INDUSTRY IN MALAYSIA

1. INTRODUCTION

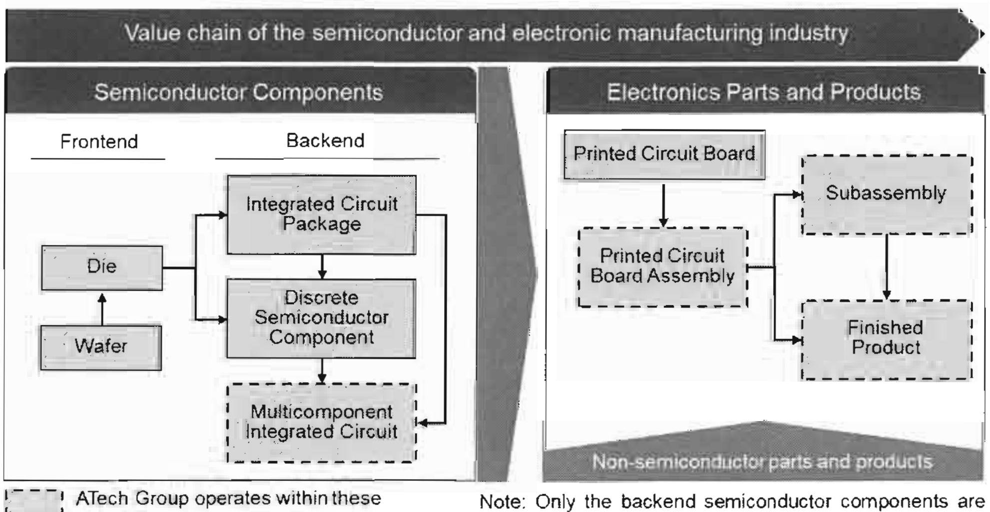
- Aurelius Technologies Berhad and its subsidiary, BCM Electronics Corporation Sdn Bhd ("ATech Group") is mainly involved in the provision of electronics manufacturing services (EMS) for industrial electronic products in Malaysia. As the electronics industry in Malaysia is predominantly export-oriented this report will focus on Malaysia and, to a certain extent, the global market.

2. THE ELECTRONICS INDUSTRY

- Electronics deal with the emission, flow and control of electrons in the form of electric current as well as their behaviour and effects in vacuum and matters. In electronics, the movement of electrons is also referred to as signals. The movements of electrons can be manipulated to represent data, data can be processed and moved from one place to another. Data is the common term to represent text (letters and symbols), images (still and moving) and sound (voice, music and other sounds) through various devices such as monitors where text and images can be displayed, and with speakers where sound can be produced.

- Electronics rely heavily on semiconductors to control the flow of electrons which forms the basis of manipulating, processing and moving data. Semiconductors are materials that conduct electricity but their conductivity is somewhere between a metal, which freely allows electrons to move through it, and an insulator, which does not allow electrons to move through it. They are a key enabling technology for many applications, including consumer electronics, the internet of things (IoT), automotive, medical, industrial, transportation, aerospace and energy applications. For example, sensors are embedded in IoT devices for applications in industrial automation; autonomous vehicles; tracking, monitoring, measurement and control devices; smart devices including smart electricity, water and gas meters; and consumer wearables.

- The basis of all electronic products starts with semiconductors, and the value chain is depicted in the diagram below:



Note: Only the backend semiconductor components are used in the manufacture of electronic parts and products

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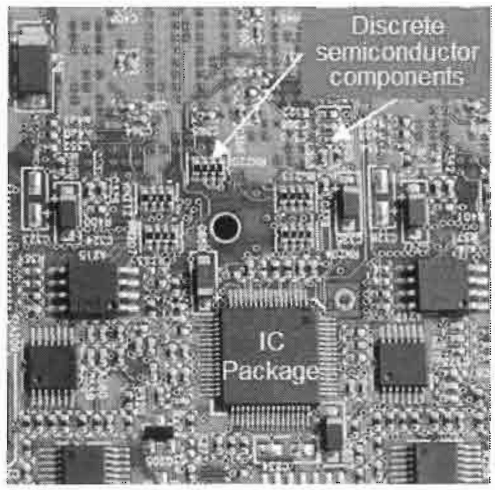
- ATech Group is an EMS provider focusing on industrial electronic products and has also expanded into the manufacturing of semiconductor components comprising multicomponent integrated circuits (IC) for IoT applications and the mass production of these semiconductor components commenced during the FYE 31 January 2021.

- Semiconductor components are the building blocks for EMS providers to manufacture electronic parts and products. The semiconductor components used by EMS providers include discrete semiconductor components, IC packages and multicomponent IC.

- A printed circuit board (PCB) provides the base and electrical circuitry to connect semiconductor components and other non-semiconductor parts to become a PCB assembly (PCBA). PCB is a rigid thin board or a flexible piece of polymer, with a layer of copper on one or both sides. Through a process using lithography, electrical circuits are formed by etching away the copper in the unwanted areas in a PCB.

Printed Circuit Board Assembly



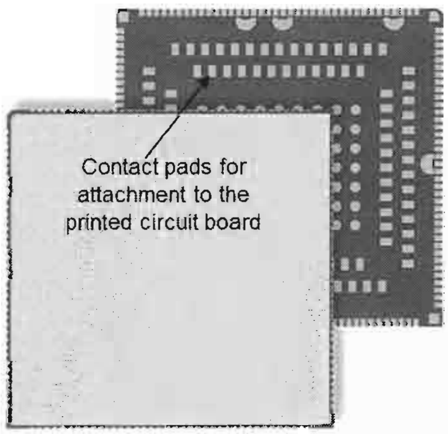
- All electronic products will have at least one PCBA where all the components and parts are mounted onto the PCB. The PCBA facilitates all the manipulation of electrons including receiving input data, processing data and producing outputs. Other actions include triggering an action or stopping an action in another device. As such, the PCBA is the main controller and the provider of all the functions of an electronic device. A device may have one or more PCBA to control various functions.

- Discrete semiconductor components perform a single elementary function in the manipulation of current, such as a diode that allows current to flow in one direction. Discrete semiconductor components include, among others, diodes, resistors, capacitors, transistors, rectifiers and thyristor.

- An IC comprises a die with circuitry and transistors etched on it, commonly referred to as a chip, to perform one or more functions. It is then encapsulated in plastic for protection and ease of handling. Once encapsulated, it is referred to as an IC package. An example of an IC package is a central processing unit (CPU) and solid-state memory storage used in computers.

- A multicomponent IC comprises at least one IC package combined with one or more discrete semiconductor components such as a sensor or oscillator to transmit radio frequency. It is commonly packaged in plastic and is incorporated into a PCBA or some other device for it to function.

Multicomponent IC



- Generally, there are two technologies to populate PCB with semiconductor components. One technology, which is the most common is surface mount technology (SMT) where semiconductor components are placed and soldered onto the surface of the circuitry of the

PCB. The other technology is plated through-hole technology where holes are drilled through the PCB and the holes may be plated with copper such that the legs of semiconductor components may be inserted through the holes and soldered in place.

3. ELECTRONICS MANUFACTURING INDUSTRY

- There are two main parties within the electronics manufacturing industry, one party is the product and/or brand owner (the customer), and the other party is the company that manufactures electronic parts and products for the product and/or brand owner, referred to as the EMS provider (the outsourcing or contract manufacturing company).

- EMS providers are playing an increasingly important role as strategic partners to product and/or brand owners by providing a range of services which commonly includes PCBA design, prototyping, procurement of semiconductor components and other parts, PCBA manufacturing, subassembly, final product assembly and various in-process and final inspection and testing. This strategic partnership between product and/or brand owners and EMS providers is a common global model for the manufacturing of electronic products.

- EMS providers can be broadly categorised into two main types of product focus:
  - **consumer** products including, among others, smartphones, laptops, tablets, personal computers, wearables and household appliances; and
  - **industrial** products including, among others, robotics, automation, machinery and equipment, industrial communications, instrumentation, control devices, medical devices and equipment, and avionics. Industrial products also cover government products such as aerospace and defence.

  This categorisation is important as EMS providers focusing on consumer products commonly have a high-volume business model compared to industrial products. In addition, consumer products have more frequent product updates or obsolescence. As such the business model of a consumer EMS provider is different from one that focuses on industrial products. Due to this, many EMS providers focus on either consumer or industrial products. ATech Group is involved in the EMS focusing on industrial products.

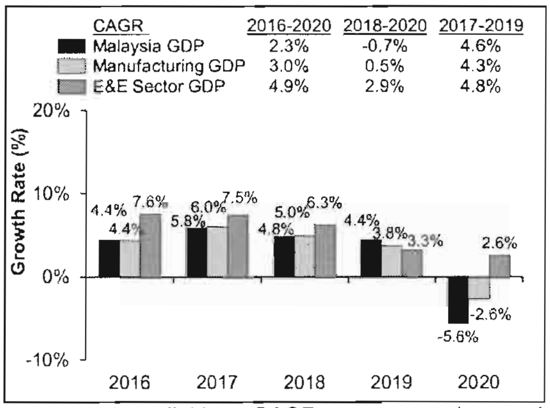
- Malaysia is one of the major destinations for EMS where some of the multinational EMS companies have established manufacturing facilities in the country and this includes, among others, Jabil Circuit Sdn Bhd, Flextronics Technology (Penang) Sdn Bhd, Celestica Malaysia Sdn Bhd, Plexus Manufacturing Sdn Bhd and Sanmina-SCI Systems (Malaysia) Sdn Bhd. Some notable local EMS companies in Malaysia include among others, (in alphabetical order), ATA IMS Bhd, ATech Group, Contraves Advanced Devices Sdn Bhd, EG Industries Bhd, Inari Amerton Bhd, JHM Consolidation Bhd and P.I.E Industrial Bhd. These multinational and local EMS companies recorded revenue of RM100 million and above for their latest financial years in 2019 or 2020. *(See section 6.1 of this report for more details)*

4. MALAYSIA'S ECONOMY

- Gross Domestic Product (GDP) is a measure of the gross value added in the output of goods and services in a country or a sector during a specified period. It indicates the overall size of the country's economy or the sector. GDP growth is commonly measured by comparing a particular year or quarter's GDP with that of the preceding year or quarter.

- Real GDP is a method of measuring GDP that takes into account the effect of changes in the prices of goods and services over time, that is, to take into the effects of inflation or deflation. In general, real GDP provides a more meaningful measure of "real" changes in output over time, as any changes from period to period are due to changes in the quantity of goods and services produced, rather than changes in their prices. In the context of this report, all GDP figures are nominal GDP, unless specified otherwise.

Real GDP



n.a. = not available; CAGR = compound annual growth rate (Sources: Department of Statistics Malaysia (DOSM); Ministry of Finance (MoF))

- Between 2018 and 2020, the real GDP of Malaysia's economy declined while the real GDP of the manufacturing industry and electrical and electronics (E&E) sector experienced growth. In 2020, the real GDP growth of the E&E industry tapered to 2.6% from 7.6% in 2016. This was largely due to weaker global demand for semiconductors and electronic related products in addition to the escalating trade war between the United States of America (USA) and China, as well as the deceleration of global demand due to the COVID-19 pandemic.

- The E&E sector is the largest manufacturing sector in Malaysia which accounted for 29.7% of the real GDP of Malaysia's manufacturing industry, earning an export revenue of RM386.1 billion in 2020. *(Source: DOSM)*

- In the first quarter (Q1) 2021, the real GDP of Malaysia's economy declined by 0.5% while the real GDP of the manufacturing industry and E&E sector grew by 6.6% and 10.6% respectively as compared to Q1 2020. In the second quarter (Q2) 2021, the real GDP of Malaysia's economy, the manufacturing industry and the E&E sector grew by 16.1%, 26.6% and 26.3% compared to Q2 2020 respectively. *(Source: DOSM)*

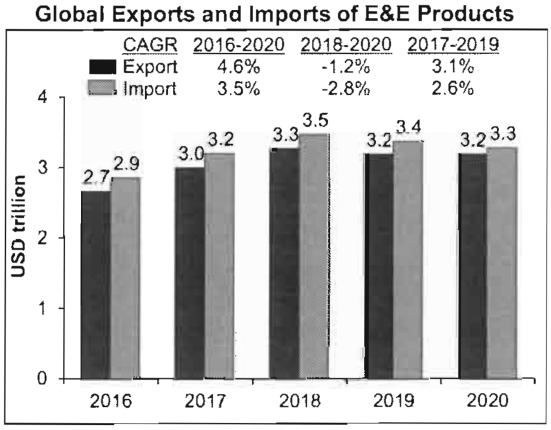
5. SUPPLY AND DEMAND

5.1 Global E&E Products

- Malaysia's E&E industry is an export oriented industry. The following provides some indication of global trends in terms of exports, imports and sales values.

- The exports of E&E products from a global perspective recorded a compound annual growth rate (CAGR) of 4.6% between 2016 and 2020. Between 2018 and 2020, the global export of E&E products declined at an average annual rate of 1.2% due to the COVID-19 pandemic. In 2020, the top three largest exporting countries for E&E products were China, Hong Kong and the USA.

Global Exports and Imports of E&E Products



(Source: Vital Factor analysis)

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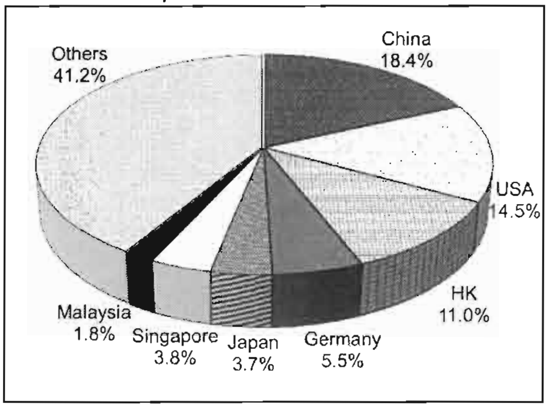
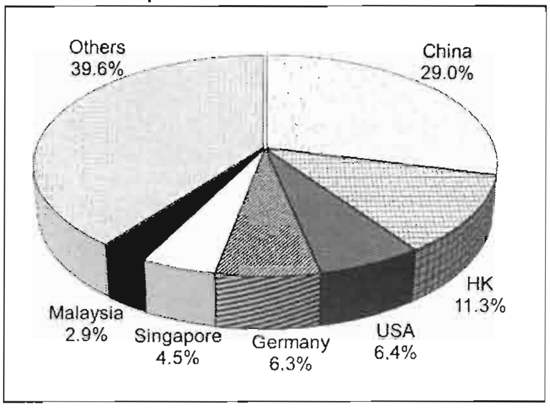
Global Imports of E&E Products in 2020



** Others include countries with imports of E&E products of less than 3.5% (Source: Vital Factor analysis)*

Global Exports of E&E Products in 2020



** Others include countries with exports of E&E products of less than 4.0% (Source: Vital Factor analysis)*

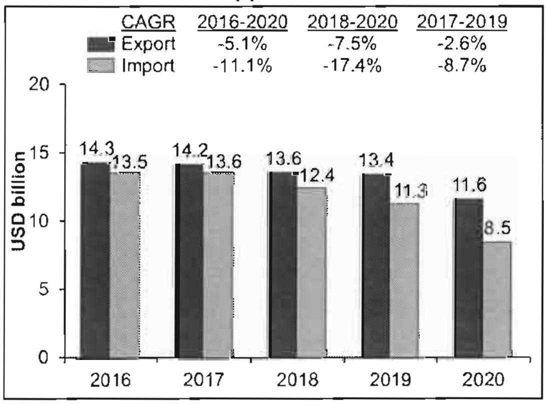
- The global sales of semiconductors grew by 6.8% to reach USD440 billion in 2020, mainly driven by sensors, memory and integrated circuits products. *(Source: Vital Factor analysis).*

- For the financial year ended (FYE) 31 January 2019, 31 January 2020 and 31 January 2021, the top three countries that contributed to the ATech Group's total revenue were the USA, Malaysia and Singapore.

5.2 Global Exports and Imports of Radio Broadcasting Apparatus

- ATech Group is involved in electronics manufacturing for communication and IoT products. Revenue from communication and IoT products which include two-way radio and accessories and IoT devices accounted for the majority of ATech Group's total revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 respectively. Two-way radio and accessories are part of the total umbrella of radio broadcasting apparatus. The following section reviews the supply and demand for radio broadcasting apparatus as a whole.

Global Export and Import of Radio Broadcasting Apparatus



(Source: Vital Factor analysis)

- Between 2016 and 2020, the global import and export of radio broadcasting apparatus experienced decline, indicating lower demand for this said category. The decline is attributed to the increasing adoption of broadband to provide transmission of sound and images to individual devices such computers, laptops and mobile devices. Between 2016 and 2020, the global fixed and mobile broadband subscriptions grew at a CAGR of 6.7% and 10.8% respectively. *(Source: Vital Factor analysis)*

- In 2020, the USA was the largest importer of radio broadcasting apparatus in the world, having accounted for 35.9% of total global imports. Meanwhile, China was the largest exporter of radio broadcasting apparatus which accounted for 34.0% of the global exports of radio broadcasting apparatus in 2020.

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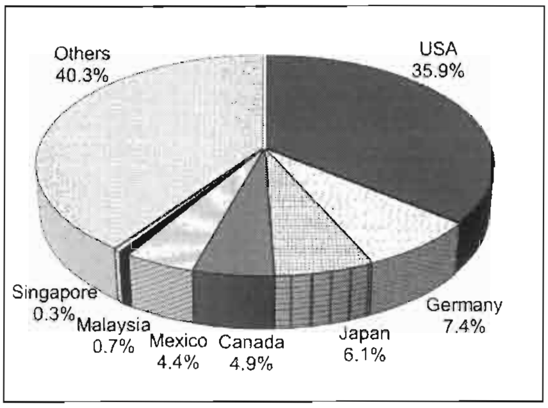
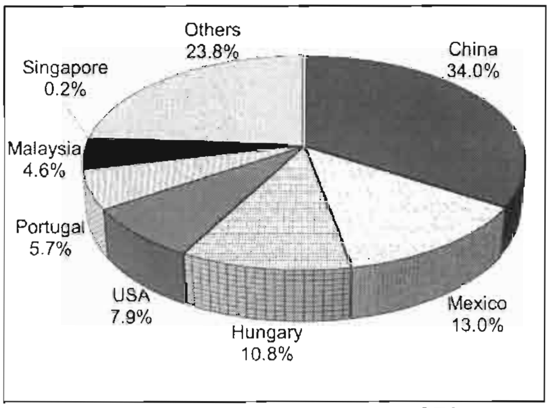
Global Imports of Radio Broadcasting Apparatus in 2020



** Others include countries with imports of E&E products of less than 4.0% (Source: Vital Factor analysis)*

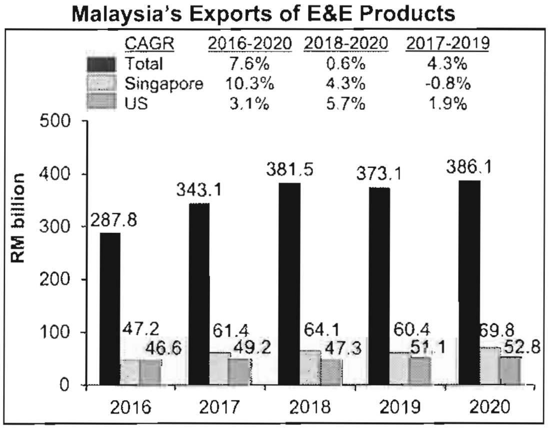
Global Exports of Radio Broadcasting Apparatus in 2020



** Others include countries with imports of E&E products of less than 5.0% (Source: Vital Factor analysis)*

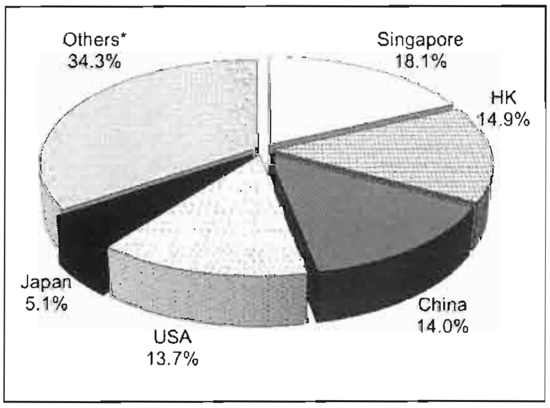
5.3 Malaysia's Exports of E&E Products

Malaysia's Exports of E&E Products



(Source: DOSM)

Malaysia's Export Destinations of E&E Products in 2020



** Others include countries with imports of E&E products of less than 5.0% (Source: DOSM)*

- In Malaysia, the exports of E&E products amounted to RM386.1 billion in 2020. The E&E sector continues to be Malaysia's major export earner which accounted for 39.4% of the total value of gross exports in 2020. In 2020, the value of gross exports of E&E products increased by 3.5% as compared to the previous year, mainly due to higher exports of electronic integrated circuits, apparatus for transmission or reception of voice, images and data as well as parts for electronic integrated circuits to support work from home practice *(Source: Minister of International Trade and Industry)*. In Q1 2021, the exports of E&E products grew by 27.9% to RM108.0 billion compared to RM84.4 billion in Q1 2020. In Q2 2021 the exports of E&E products grew by 29.0% to RM 105.8 billion compared to RM82.0 billion in Q2 2020.

- Between 2016 and 2020, Malaysia's exports of E&E products increased at a CAGR of 7.6%. In 2020, the four largest export destinations of Malaysia's E&E products were Singapore, Hong Kong, China and the USA, which collectively accounted for 60.7% of the total exports of E&E products.

- Between 2016 and 2020, exports of E&E products to Singapore and the USA increased at a CAGR of 10.3% and 3.1% respectively. In 2020, the exports of E&E products to Singapore

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increased by 15.6% and remained the largest export destination for Malaysia's E&E products. Singapore is a major global hub for semiconductor and electronics manufacturing as well as the supply chain for products ranging from storage and memory products to microelectromechanical systems.

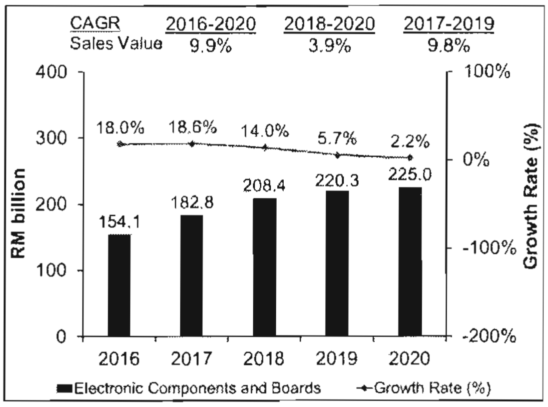
- According to Malaysia's Economic Outlook 2022 published in October 2021 by the Ministry of Finance, the export of E&E products is forecasted to grow by 12.8% in 2021, supported by higher demand for semiconductor, telecommunication equipment parts as well as electronic machine apparatus in line with the global trend for digitalisation and technology upcycle.

5.4 Manufacture of Electronic Parts and Products in Malaysia

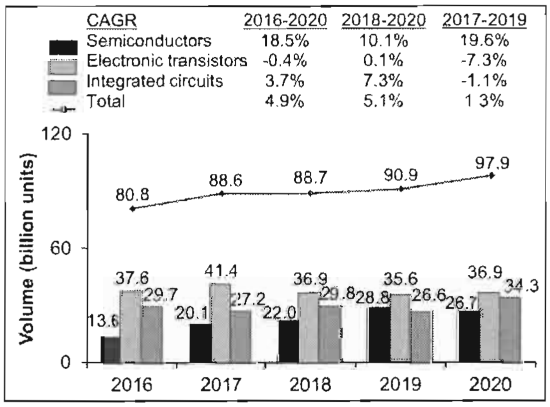
- As ATech Group is focused on the manufacture of PCBA, subassemblies and finished electronic products and has also expanded into the manufacture of semiconductor components comprising multicomponent IC for IoT applications, the following section examines the performance of this sector in Malaysia.

- Electronic components include discrete semiconductor components, IC packages, other components, as well as the PCB itself. All of these are classified under the manufacture of electronic components and boards. PCBA involves the population of the electronic components onto the PCB.

Sales Value of Manufacture of Electronic Components and Boards in Malaysia



Manufacturing Volume of Selected Major Electronic Components in Malaysia



(Source: DOSM)

- Overall, the sales value of the manufacture of electronic components and boards in Malaysia increased at a CAGR of 3.9% between 2018 and 2020. In 2020, the sales value of this segment recorded a lower growth of 2.2% amounted to RM225.0 billion.

- Between 2018 and 2020, the manufacturing volume of selected major electronic components grew at a CAGR of 5.1%. Growth within the period was driven primarily by the increase in the manufacture of semiconductors and integrated circuits which grew at a CAGR of 10.1% and 7.3% respectively.

- In 2020, the sales value of manufactured E&E products in Malaysia declined by 0.5% compared to the previous year due to the COVID-19 pandemic. However, it is expected to rebound in 2021 following global digital transformation as work from home and virtual communications become part of new business practices and the roll out of 5G which would drive the demand for integrated circuits, memory and microchips within the global semiconductor industry *(Source: MoF)*. In Q1, Q2 and Q3 2021, the sales value of manufactured E&E products in Malaysia recovered to grow by 11.1%, 30.0% and 2.9% compared to their respective period in 2020. *(Source: DOSM)*

6 COMPETITIVE ANALYSES

6.1 Operators in the Industry

- The EMS industry in Malaysia is diversified where electronics manufacturing companies produce a wide range of products from electronic components, modules, devices and up to systems across various industries. These companies in the industry range from local small and medium-sized enterprises to large scale local corporations and foreign multinational corporations. For example, Jabil Inc ("Jabil") is a large global provider of EMS that is listed on the New York Stock Exchange (NYSE). Jabil operates in 30 countries and recorded total revenue of USD27.3 billion in the FYE 31 August 2020. Jabil has manufacturing facilities in Penang, Malaysia where its revenue from Malaysia was USD1.9 billion or 7.0% of its total revenue in FYE 31 August 2020. *(Source: Jabil Inc Annual Report)*

- There are no published data on the number of companies providing EMS. EMS companies play a key role in the E&E sector in Malaysia. According to the Malaysian Investment Development Authority, the E&E sector is a key driver of Malaysia's industrial development contributing significantly to GDP growth and export earnings. The following table is a list of some of the EMS providers in Malaysia, listed in descending order of revenue within their respective categories:

Operators in the industry	Group Main Product Segment	FYE[10]	Revenue (RM '000)[11]	GP (RM '000)[11]	GP Margin (%)	NP/(NL) (RM '000)	NP/(NL) Margin (%)
Public listed companies and ATech Group							
ATA IMS Bhd	Consumer	Mar-21	4,221,815	305,426	7.2	150,300	3.6
V.S. Industry Bhd	Consumer	Jul-20	3,243,192	321,312	9.9	104,491	3.2
Inari Amertron Bhd	Cons & Ind	Jun-21	1,428,704	423,906	29.7	330,715	23.1
EG Industries Bhd	Cons & Ind	Jun-21	1,055,521	43,341	4.1	13,965	1.3
P.I.E. Industrial Bhd	Consumer	Dec-20	686,363	51,369	7.5	45,596	6.6
ATech Group	**Industrial**	**Jan-21**	**362,165**	**30,073**	**8.3**	**15,096**	**4.2**
JHM Consolidation Bhd	Industrial	Dec-20	250,970	52,825	21.0	21,386	8.5
Salutica Bhd	Consumer	Jun-21	222,996	n.a	n.a	-9,724	-4.4
Contraves Advanced Devices S/B[1]	Industrial	Dec-20	104,405	n.a	n.a	-12,283	-11.8
Subsidiaries of foreign multinational corporations							
Jabil Circuit S/B [2]	Cons & Ind	Aug-20	9,167,053	n.a.	n.a.	231,246	2.5
Plexus Manufacturing S/B [3]	Industrial	Sep-20	5,873,548	825,134	14.0	645,012	11.0
Flextronics Technology (Penang) S/B[4]	Industrial	Mar-20	4,386,550	195,249	4.5	186,803	4.3
Sanmina-SCI Systems (Malaysia) S/B[5]	Industrial	Sep-20	3,144,470	n.a.	n.a.	81,660	2.6
Venture Electronics Services (M) S/B[6]	Cons & Ind	Dec-20	1,430,961	n.a.	n.a.	54,025	3.8
GES Manufacturing Services (M) S/B[7]	Cons & Ind	Dec-20	1,224,752	n.a.	n.a.	46,468	3.8
Celestica Malaysia S/B [8]	Industrial	Dec-19	1,219,067	135,944	11.2	86,171	7.1
Benchmark Electronics (M) S/B [9]	Cons & Ind	Dec-19	781,042	97,531	12.5	58,445	7.5

(Sources: Companies Commission of Malaysia (CCM), Annual reports of respective listed companies and audited financial statements of ATech Group) n.a. = not available; GP = Gross Profit; NP = Net Profit; NL = Net Loss; Rev = Revenue, S/B = Sdn Bhd; Cons & Ind = consumer and industrial.

(1) Contraves Advanced Devices S/B is a subsidiary of Boustead Heavy Industries Corporation Bhd, a listed entity on Bursa Securities.

(2) Jabil Circuit S/B is a subsidiary of Jabil Inc., a listed entity on the NYSE.
(3) Plexus Manufacturing S/B is a subsidiary of Plexus Corporation, a listed entity on the NASDAQ Stock Exchange.
(4) Flextronics Technology (Penang) S/B (formerly known as Solectron Technology Sdn Bhd) is a subsidiary of Flextronics Global Holdings LP, a listed entity on the NASDAQ Stock Exchange.
(5) Sanmina-SCI Systems (Malaysia) S/B is a subsidiary of Sanmina Corporation, a listed entity on the NASDAQ Stock Exchange.
(6) Venture Electronics Services (M) S/B is a subsidiary of Venture Corporation Limited, a listed entity on the Singapore Stock Exchange.
(7) GES Manufacturing Services (M) S/B (formerly known as Eltech Electronics Technology S/B) is a subsidiary of Venture Corporation Limited, a listed entity on the Singapore Stock Exchange.
(8) Celestica Malaysia S/B is a subsidiary of Celestica Incorporated, a listed entity in the Toronto Stock Exchange and the NYSE.
(9) Benchmark Electronics (M) S/B is a subsidiary of Benchmark Electronics, a listed entity on the NYSE.
(10) Latest available financial information. Audited figures from annual reports of respective listed companies, CCM and ATech Group.
(11) May include revenue, GP and NP/NL derived from other business activities.

The list of companies above was selected based on the following criteria:
(a) provider of EMS and have manufacturing facilities in Malaysia;
(b) public listed companies on Bursa Securities and ATech Group,
(c) subsidiaries of public companies listed on foreign exchanges, operating in Malaysia; and
(d) revenue of at least RM100 million for their latest financial year.

6.2 Market Size and Share

2020			
Manufacturing	**Market size in Malaysia**	**ATech Group's revenue[3]**	**Market share of ATech Group**
Electronic products	RM343.2 billion[1]	RM362.2 million	Less than 1%
Communication equipment	RM17.1 billion[2]	RM324.1 million	2%

(Source: DOSM; ATech Group; Vital Factor Analysis)
Notes:
(1) The market size was based on the sales value of manufactured products of computers, electronics and optical (which includes light-emitting diode (LED)) products in Malaysia for 2020. *(Source: DOSM)*
(2) The market size was based on the sales value of manufactured products of communication equipment in Malaysia for 2020. *(Source: DOSM)* Communication equipment is a subsector of electronic products.
(3) Based on ATech Group's total revenue from EMS and revenue from the manufacturing of communication and IoT products for FYE 31 January 2021.

7. INDUSTRY CONSIDERATION FACTORS

- The shortage of semiconductors started approximately in the second quarter of 2020 and continued into the third quarter of 2021. This was mainly due to the increase in demand for electronic products caused by the COVID-19 pandemic as well as the increased use of semiconductors in automobiles.
- The shortage of semiconductors has also impacted the automotive market and affected production activities since the second quarter of 2020 when the shortage of automobile chips began. The shortage of automotive chips does not directly affect the demand for ATech Group's semiconductor components which are focused on wireless communication modules. While the automakers understandably reduced production and chip purchases amidst the spread of COVID-19 across the globe, the demand for automotive semiconductors increased in the fourth quarter of 2020. The increase in demand for semiconductors was evidenced by the sales of global semiconductors which grew by 6.8% in 2020.

- For the first three quarters of 2021, the global sales of semiconductor grew by 23.4% to reach USD391.9 billion as compared to the corresponding period in 2020 which amounted to USD317.6 billion. This was mainly due to manufacturers ramping up production of semiconductors to address the increasing demand. The increased demand for semiconductors used in electronic products was caused by the increased need for equipment and devices to facilitate, among others, remote healthcare, work-from-home and virtual learning and meetings during the COVID-19 pandemic.

- The projected global growth of the semiconductor and electronics market in the near term will drive demand for electronics manufacturing that will provide market opportunities for operators including EMS providers in Malaysia. This is substantiated by Malaysia's E&E sector which continues to be the key contributor to export earnings accounting for RM386.1 billion or 39.4% of total exports for 2020. (*Source: DOSM*) According to the MoF, Malaysia's export of E&E products is forecasted to increase by 3% in 2021 driven by higher demand for semiconductors, telecommunication equipment parts, as well as automatic data processing equipment in line with global digital transformation.

- The prospects of the electronics manufacturing industry in Malaysia is dependent upon, among others, the recovery of Malaysia as well as the global economies from the ongoing COVID-19 pandemic, and other local and global factors. Considerations also include the increased pace of digital transformation globally predicated by export demand of E&E products, and performance of domestic manufacturing of the E&E product sector and socio-economic factors such as interest and unemployment rates, lending policies, business confidence and consumer sentiments.

- In 2020, Malaysia's economy and the manufacturing sector contracted by 5.6% and 2.6% respectively due to measures taken to contain the COVID-19 pandemic, while the E&E sector experienced a growth of 2.6%. According to the MoF, the E&E sector is expected to record growth as the COVID-19 pandemic accelerates the structural shifts towards digitalisation, spurring demand for telecommunication, cloud computing and medical devices and products.

- Besides, the recovery of Malaysia's economy will be supported by eight economic stimulus packages provided by the Malaysian government with a total allocation of RM530 billion as of 10 November 2021. Some of the measures introduced by the government to support the recovery of Malaysia's economy include moratorium on loans, employee wage subsidies, grants and soft loans for small and medium enterprise, unemployment assistance, financial support for households, electricity discount, tax incentives as well as expediting the administration of vaccines.

- The global economy is estimated to have contracted by 3.5% in 2020 due to the adverse impact of the COVID-19 pandemic. The global economy is anticipated to recover based on the prediction of proper pandemic management and effective vaccination limiting the community spread of COVID-19 in many countries, as well as continued monetary policy accommodation accompanied by fiscal support. *(Source: Vital Factor analysis)*

- According to the 12th Malaysia Plan, the GDP of the E&E industry is targeted to grow from RM86.1 billion in 2020 to RM120 billion in 2025. Meanwhile, the export value of E&E products is targeted to grow from RM386.1 billion in 2020 to RM495 billion in 2025 led by integrated circuits, diodes and photosensitive semiconductors following continuous demand in emerging technologies such as autonomous vehicles, artificial intelligence, 5G and IoT. *(Source: Economic Planning Unit, Malaysia)* According to the Budget 2022, RM100 million will be allocated to 200 manufacturing and service sector companies to automate their business processes and RM45 million allocated as technology transformation incentives for small and medium size enterprises and mid-stage companies in the manufacturing and service sector towards Industrial Revolution 4.0 or Industry4WRD. *(Source: MoF)*

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

9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.1.1 Particulars and shareholdings

The following table sets out particulars of the Promoters and our substantial shareholders, and their respective direct and indirect shareholdings in our Company before and after our IPO:

		Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
Promoters and substantial shareholders	Nationality/ Country of Incorporation	No. of Shares	[1]%	No. of Shares	[1]%	No. of Shares	[2]%	No. of Shares	[2]%
		'000		'000		'000		'000	
Promoters and substantial shareholders									
MSH	Malaysia	281,170	100.00	-	-	254,310	[3]71.0	-	-
LCY	Malaysian	-	-	[4]281,170	100.00	100	[5]-	[4]254,310	71.0
LHC	Malaysian	-	-	[4]281,170	100.00	100	[5]-	[4]254,310	71.0
Substantial shareholder									
MSL	BVI	-	-	[4]281,170	100.00	-	-	[4]254,310	71.0

Notes:

(1) *Based on our issued Shares before our IPO of 281,170,000 ATech Shares.*

(2) *Based on our enlarged issued Shares after our IPO of 358,180,000 ATech Shares.*

(3) *MSH had provided a charge over its entire shareholding in BCM Electronics in favour of Maybank for the term loan facility it had obtained from Maybank which has since been discharged to facilitate the completion of the Pre-IPO Restructuring. In turn, a new charge over 254,310,000 Shares, being the remaining Shares held by MSH after excluding the Offer Shares, has been provided by MSH to Maybank prior to the registration of this Prospectus with the SC. The new charge will be uplifted upon settlement of the term loan facility by MSH using the proceeds from the Offer for Sale on the date of our Listing.*

(4) *Deemed interested by virtue of his interest in our Company via MSH pursuant to Section 8(4) of the Act.*

(5) *Negligible.*

The Shares held by the Promoter and our substantial shareholders do not have different voting rights from our other shareholders.

Save for the above, there are no other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is no arrangement between our Company and the Promoters and our substantial shareholders, with any third party of which may result in a change in control of our Company at a date subsequent to our IPO and our Listing.

9.1.2 Profiles of the Promoters and our substantial shareholders

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

(i) MSH

MSH, a company incorporated on 25 August 2017 as a private limited company in Malaysia under the Act under the name of Aurelius Holdings Sdn Bhd and subsequently changed its name to MSH on 15 October 2021, is the Promoter and our substantial shareholder.

MSH was set up as the vehicle for the MBO of BCM Electronics. The principal activity of MSH is investment holding.

At the time of the completion of the MBO of BCM Electronics, the issued share capital of MSH was RM5,250,000 comprising 5,000,000 MSH Shares and 29,750,000 MSH CRCPS and the shareholders of MSH upon completion of the MBO of BCM Electronics were as follows:

	Direct		Indirect	
Name	**No. of shares**	**%**	**No. of shares**	**%**
	'000		**'000**	
MSH Shares				
LCY	(1)1,750	35.0	(2)1,300	26.0
LHC	(1)1,750	35.0	(2)1,300	26.0
MSL	1,300	26.0	-	-
SEAFC (on behalf of JSEAF Fund)	200	4.0	-	-
MSH CRCPS(3)				
SEAFC (on behalf of JSEAF Fund)	29,750	100.0	-	-

Notes:

(1) Includes 125,000 MSH Shares based on a consideration of RM130,000 held in trust on behalf of the Founding MBO Members. Subsequently on 19 February 2021, 250,000 MSH Shares were transferred to Titanium, being the entity holding MSH Shares on behalf of the Founding MBO Members.

(2) Deemed interested by virtue of his interest in our Company via MSL pursuant to Section 8(4) of the Act.

(3) Issue price of RM1.00 per MSH CRCPS with dividend payable on each MSH CRCPS at a rate of 6% per annum chargeable and compounded semi-annually and 5% per annum chargeable and compounded annually. The MSH CRCPS was fully redeemed on 15 October 2019.

As at the LPD, the issued share capital of MSH is RM5,250,000 comprising 5,000,000 MSH Shares. The shareholders and their respective shareholdings in MSH as at the LPD are as follows:

		Direct		Indirect	
Name	**Nationality/ Place of Incorporation**	**No. of MSH Shares**	**%**	**No. of MSH Shares**	**%**
		'000		**'000**	
LCY	Malaysian	1,375	27.5	1,500	(1)30.0
LHC	Malaysian	1,375	27.5	1,500	(1)30.0
MSL	BVI	1,500	30.0	-	-
Pixel Advisers	Singapore	500	10.0	-	-
TCH	Malaysian	-	-	(2)500	10.0
Titanium	Malaysia	250	5.0	-	-

Notes:

(1) *Deemed interested by virtue of his interest in MSH via MSL pursuant to Section 8(4) of the Act.*

(2) *Deemed interested by virtue of his interest in MSH via Pixel Advisers pursuant to Section 8(4) of the Act.*

As at the LPD, the directors of MSH are LCY and LHC.

The profiles of the shareholders of MSH, other than LCY, LHC and MSL which are set out in Sections 9.1.2(ii), (iii) and (iv) of this Prospectus, are as follows:

(a) Pixel Advisers

Pixel Advisers is a company incorporated on 5 October 2019 as an exempt private company limited by shares in Singapore under the Companies Act (Chapter 50) of Singapore.

The principal activities of Pixel Advisers are management consulting and investment management.

As at the LPD, the issued share capital of Pixel Advisers is SGD10 comprising 10 ordinary shares. TCH is the sole shareholder and director of Pixel Advisers.

(b) TCH

TCH, a Malaysian aged 46, is a businessman and is particularly active in special situations investments which involves investing in a number of asset classes which he believes have upside potential. His business interest also includes being a shareholder and director of Samadhi Group of companies (Samadhi Sdn Bhd and Samadhi Retreats Pte Ltd), a restaurant and hospitality group operating in Malaysia and Singapore.

He graduated with First Class Honours in Bachelor of Engineering in Electronic Engineering from University of Hull, UK in 1998, and completed his Postgraduate Diploma in Economics at University of Cambridge, UK, as a British Chevening Scholar in 1999. He subsequently trained in PricewaterhouseCoopers London and qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales in 2003. He was also awarded the Financial Risk Manager title by The Global Association of Risk Professionals in 2001.

He spent over 20 years working for various financial services institutions in London, Kuala Lumpur and Singapore.

He does not hold any directorship in any companies listed on Bursa Securities.

(c) Titanium

Titanium is a company incorporated on 1 December 2020 as a limited liability company in Malaysia under the Act.

The principal activities of Titanium is investment in shares in MSH and will hold ATech Shares upon our Listing.

As at the LPD, the issued share capital of Titanium is RM360,002 comprising 10,002 ordinary shares and 350 preference shares. The shareholders of Titanium are TCH and another 30 shareholders consisting of key managers and employees of BCM Electronics (other than LCY and LHC). The substantial shareholders and their respective ordinary shareholding in Titanium as at the LPD are as follows:

		Direct		Indirect	
Name	**Nationality**	**No. of ordinary shares**	**(1)%**	**No. of ordinary shares**	**(1)%**
Chong Kean Seong	Malaysian	1,000	10.00	-	-
Seah Chin Sen	Malaysian	1,000	10.00	-	-
Chieng Chee Boon	Malaysian	1,000	10.00	-	-
Khoo Boo Eng	Malaysian	766	7.66	-	-
Valli Kumaran A/L Ramachandran	Malaysian	766	7.66	-	-
Hafiz Bin Hashim	Malaysian	766	7.66	-	-

Note:

(1) Based on a total of 10,002 ordinary shares in Titanium as at the LPD.

As at the LPD, TCH holds 350 preference shares in Titanium and the directors of Titanium are Khoo Boo Eng and TCH.

(ii) LCY

LCY, a Malaysian aged 76, is the Promoter and our substantial shareholder, Non-Independent Executive Director and Group Chief Executive Officer. He was appointed to our Board on 9 February 2021.

As our Executive Director and Group Chief Executive Officer, he oversees our Group's overall manufacturing services and day-to-day management of our operations.

He graduated with a Bachelor of Engineering Degree from University of Melbourne, Australia, in November 1968 and obtained his Certificate of Degree of Bachelor of Mechanical Engineering in March 1969.

He began his career with Marfleet and Weight Manufacturing, Melbourne Pty. Ltd. in December 1968 as a trainee design engineer where he was involved in the design and manufacture of mining haulage equipment for two years. In 1970, he left the company to pursue his career in Malaysia.

In 1971, he joined Singapore Electronics & Engineering Pte Ltd as Mechanical Engineer and was subsequently promoted to the position of Head of Mechanical Engineering Department in April 1972. In 1973, he left the company and joined Mars Electronics & Engineering Sdn Bhd as Head of Mechanical Engineering Department until 1979. Thereafter, he joined Federal Cables Wires & Metal Manufacturing Bhd as General Manager until June 1986. He took a 6-months career break before he joined Universal Cable (M) Berhad as Technical Consultant in 1987. In 1988, he was promoted to General Manager of Universal Cable (M) Berhad. In 1991, he resigned as General Manager and relocated to Perth, Australia in January 1992 until June 1996.

He returned to Malaysia and joined Leader Universal Group of Companies ("**Leader Universal Group**"). He held several positions including Sales and Marketing Director, Senior Director of Sales and Marketing and Managing Director. In his last designation as Managing Director of Universal Cable (M) Berhad, which was a company within the Leader Universal Group, he was responsible for the business operations of Universal Cable (M) Berhad. In April 2004, he left Universal Cable (M) Berhad and joined BCM Electronics as the Chief Executive Officer.

In August 2017, he incorporated MSH together with LHC to acquire BCM Electronics from Comintel Corporation. In January 2018, he was appointed as a director of BCM Electronics. For the avoidance of doubt, save for being the Chief Executive Officer of BCM Electronics, he did not hold any position in Comintel Corporation or its subsidiaries prior to the completion of the MBO of BCM Electronics. He was appointed as our Group Chief Executive Officer on 25 March 2021.

(iii) LHC

LHC, a Malaysian male aged 56, is the Promoter and our substantial shareholder and Non-Independent Executive Director and Group Chief Financial Officer. He was appointed to our Board on 9 February 2021.

As our Executive Director and Group Chief Financial Officer, he is responsible for our overseeing the overall finance function of our Group.

He graduated with an honours degree in Management Studies from University of Waikato, New Zealand, in April 1992. He has been a member of the New Zealand Institute of Chartered Accountants since November 1995 and in December 2014, he became a Chartered Accountant with the Chartered Accountants Australia and New Zealand after the amalgamation of the Institute of Chartered Accountants in Australia and the New Zealand Institute of Chartered Accountants. He has been a Registered Accountant with the MIA since Oct 1996 and a Chartered Accountant (Malaysia) ("**CA(M)**") of the MIA since June 2001.

He began his career with Russ Ooi & Associates (a member firm of RSM International then) in April 1992 as an audit assistant and his last position when he left in April 1994 was audit senior. In May 1994, he joined Comintel Sdn Bhd as an accountant where he was responsible for the overall management of accounting and finance function of the company and its subsidiaries, and held various positions in Comintel Corporation group of companies ("**Comintel Group**") including Chief Financial Officer and Deputy Chief Executive Officer where his last designation was Executive Director before he left in January 2018.

In August 2017, he incorporated MSH together with LCY to acquire BCM Electronics from Comintel Corporation. After the MBO of BCM Electronics, he resigned from all the positions he held in the Comintel Group in January 2018 and assumed his current position as executive director of BCM Electronics. He was appointed as our Group Chief Financial Officer on 25 March 2021.

(iv) MSL

MSL, a company incorporated on 6 October 2017 as a limited liability company in the BVI under the BVI Companies Act 2004 is our substantial shareholder.

The principal activity of MSL is investment holding.

As at the LPD, the issued share capital of MSL is USD2 comprising 2 ordinary shares. The shareholders and their respective shareholding in MSL as at the LPD are as follows:

		Direct		Indirect	
Name	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
LHC	Malaysian	1	50.0	-	-
LCY	Malaysian	1	50.0	-	-

As at the LPD, the directors of MSL are LCY and LHC.

9.1.3 Changes in shareholdings

Save for the issuance of our Shares to the Promoter and our substantial shareholder pursuant to the Pre-IPO Restructuring as detailed in Section 6.1.3 of this Prospectus, there has been no change in the Promoters' and our substantial shareholders' shareholdings in our Company for the past three (3) years preceding the LPD.

9.1.4 Amounts/Benefits paid/given or proposed to be paid to the Promoters and our substantial shareholders

Save for the dividend paid to the Promoter as disclosed below and the aggregate remuneration and benefits in-kind paid or proposed to be paid to the Promoters who are also our Executive Directors as disclosed in Section 9.2.4 of this Prospectus, no amounts have been paid or benefits given or proposed to be paid or given to the Promoters and our substantial shareholders within the two years preceding the date of this Prospectus and up to the LPD:

	FYE 31 January 2020	FYE 31 January 2021	From 1 February 2021 up to the LPD
	RM'000	RM'000	RM'000
MSH	38,622	4,930	3,287
LCY	-	-	-
LHC	-	-	-
MSL	-	-	-

9.2 BOARD OF DIRECTORS

9.2.1 Particulars and shareholdings

The following table sets out particulars of our Directors and their respective direct and indirect shareholdings in our Company before and after our IPO:

		Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
Name	Nationality	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
		'000		'000		'000		'000	
Datin Normaliza Binti Kairon	Malaysian	-	-	-	-	(3)260	(4)-	-	-
F'ng Meow Cheng	Malaysian	-	-	-	-	(3)180	(4)-	-	-
Nor Shahmir Bin Nor Shahid	Malaysian	-	-	-	-	(3)180	(4)-	-	-
Yee Swee Meng	Malaysian	-	-	-	-	(3)180	(4)-	-	-
LCY	Malaysian	-	-	(5)281,170	100.0	(3)100	(4)-	(5)254,310	71.0
LHC	Malaysian	-	-	(5)281,170	100.0	(3)100	(4)-	(5)254,310	71.0

Notes:

(1) Based on our issued Shares before our IPO of 281,170,000 ATech Shares.

(2) Based on our enlarged issued Shares after our IPO of 358,180,000 ATech Shares.

(3) Assuming the Directors subscribe in full our Shares allocated to them as an Eligible Person pursuant to the Retail Offering.

(4) Negligible.

(5) Deemed interested by virtue of his interest in our Company via MSH pursuant to Section 8(4) of the Act.

None of our Directors represent any corporate shareholder on our Board. Further, there are no family relationships between our Directors.

9.2.2 Profiles of our Directors

(i) Datin Normaliza Binti Kairon

Datin Normaliza Binti Kairon, a Malaysian aged 50, is our Chairperson and Independent Non-Executive Director. She was appointed to our Board on 2 April 2021.

She graduated with a Bachelor of Accounting from Universiti Malaya in August 1995 and later obtained her Master of Business Administration (majoring in Finance) from Open University Malaysia in December 2006. She is a CA(M) and a member of the MIA since September 1998. She is a member of CPA Australia since July 2014 and obtained the Certified Practising Accountant Australia certificate in December 2015.

She began her career with Edaran Otomobil Nasional Berhad as a management trainee of Group Financial Division in July 1995 and resigned as an executive in August 1998. Subsequently, she joined the SC as Senior Corporate Analyst of Financial and Corporate Surveillance Department in August 1998 where she was responsible for providing financial statement analysis and monitoring corporate development. She held the designation of Senior Associate of Equity Compliance Unit of the Take-Overs & Mergers Department, tasked to review corporate proposals for compliance with the Foreign Investment Committee Guidelines when she left the SC in March 2008.

In May 2009, she joined Maybank as Assistant Vice President of Financial Reporting, Finance & Treasury Operations Divisions where she was responsible for the financial accounting analysis of Maybank group of companies. She left Maybank in November 2009. In April 2010, she joined Perusahaan Otomobil Nastional Sdn Bhd as Manager of Group Analysis, Group Finance where she assisted in the development and implementation of the company's transformation programme.

In June 2011, she joined Teraju Bumiputera Corporation Berhad ("**TERAJU**"), initially as Manager of Funding Department and she was later promoted to the position of Associate Director of the Funding Department, where she was responsible for the financial services and funding related tasks including her supervisory and advisory role for the Facilitation Fund initiative, a collaboration with the Public Private Partnership Unit of the Prime Minister's Department.

Upon completing her CPA Australia course, she joined Kumpulan Perbadanan Kemajuan Negeri Perak ("**PKNP**"), as a Director of Investment and Economics of Perak South-Region Development in January 2016 where she was responsible for investor facilitation and eco-system management. She left PKNP in July 2016 to pursue her interest in sustainable development agenda.

Since 2016, she has voluntarily attended various financial reporting, legal & governance, strategic management and boardroom training modules, including the Integrated Reporting workshop with certification from the International Integrated Reporting Council in 2020 and Sustainable Development Goals ("**SDG**") by the United Nations' SDG Academy in 2019 and 2020. In August 2020, she was also a speaker for a webinar organised by Malaysian Students' Council of Australia for the topic of "Environment and Sustainability – Post-Covid Conservation and Malaysian Sustainability Concerns". She is currently pursuing a doctorate programme in the field of Sustainable Development and Corporate Governance at the Nottingham University Business School, University of Nottingham, Malaysia.

(ii) F'ng Meow Cheng

F'ng Meow Cheng, a Malaysian aged 55, is our Independent Non-Executive Director. She was appointed to our Board on 2 April 2021.

She graduated from University of Southwestern Louisiana, USA with a Bachelor of Science in Business Administration in May 1991 and obtained her Master of Management from the Australian Institute of Business in November 2016. She has been a member of the Malaysian Institute of Certified Public Accountants and MIA since 1997 and 1998 respectively.

She began her career in November 1991 with Sony Electronics (M) Sdn Bhd, a company involved in the manufacturing of consumer electronic products, as System Planner where she assisted in organisational corporate planning as well as drafting of standard operating procedures to ensure compliance with the international standards of quality. Subsequently, she left the company to join Russ Ooi & Associates (a member firm of RSM International then) in October 1992 as junior auditor. She left Russ Ooi & Associates in September 1996 as Assistant Manager and joined another audit firm, H.B. Ooi & Co. as Manager in April 1997 where she was mainly involved in audit, taxation and consultancy services. She left in February 1998 and joined another audit firm, K.B. Tan & Co. as Manager in March 1998 where she was also mainly involved in audit, taxation and consultancy services. She then left the main office in Klang, Selangor and took on the responsibility to set up and manage a new branch office in Bukit Mertajam, Penang in November 1998. In November 2002, the firm name of K.B. Tan & Co was changed to MC F'ng & Associates and she has since become a sole practitioner at the accounting firm providing auditing, taxation and consulting services.

She is currently an Independent Non-Executive Director of UWC Berhad, a company listed on the Main Market of Bursa Securities.

(iii) Nor Shahmir Bin Nor Shahid

Nor Shahmir Bin Nor Shahid, a Malaysian aged 51, is our Independent Non-Executive Director. He was appointed to our Board on 2 April 2021.

He has 23 years of experience in cross-border banking, financial advisory, international and regional project finance, corporate finance, Islamic debt capital market, syndications and investment banking where he held various senior management positions in development banks, investment banks and commercial banks.

He graduated from the International Islamic University Malaysia in July 1995 and obtained his Bachelor of Accounting in August 1995. He has been a member of the MIA as a Chartered Accountant since April 2018.

He began his career in July 1995 as an executive with Malaysian International Merchant Bankers Berhad where he was involved in various corporate exercises including reverse take-overs, initial public offerings and fund raising. In October 1997, he left Malaysian International Merchant Bankers Berhad and subsequently joined KPMG Corporate Finance Sdn Bhd as a principal consultant where he was responsible for various engagements in corporate finance advisory, mergers and acquisitions and project finance.

He left KPMG Corporate Finance Sdn Bhd in November 2003 and subsequently joined Bank Muamalat Malaysia Berhad as Associate Director of Investment Banking Department where he was mainly involved in Islamic debt capital market transactions. He left Bank Muamalat Malaysia Berhad in December 2006 and joined Josor Capital Sdn Bhd in January 2007 as Senior Vice President of Private Equity and Investments responsible for providing full-scale investment banking solutions for the investment banking group catered specially for the Asian markets.

In October 2007, he went to Qatar and joined Al Khalij Commercial Bank ("**Al-Khaliji Bank**") as Head of Debt Capital Markets where he was responsible for loan syndications and debt capital market business of Al-Khaliji Bank in Qatar. In January 2009, he returned to Malaysia and continued his career with MIDF Amanah Investment Bank Berhad ("**MIDF Investment**") as Senior Vice President where he was responsible in originating and structuring Islamic debt capital market issuances and project finance advisory transactions. He left MIDF Investment in June 2011 and joined Export Import Bank of Malaysia Berhad in July 2011 as Senior Vice President and Head of Banking until March 2018. In April 2018, he joined Ipmuda Berhad as Chief Operating Officer where his role was to oversee the corporate and business operations, human resources, finance and also oversee the transformation and acceleration programmes of the company. He left Ipmuda Berhad in August 2020 and is now an independent corporate advisory specialist for his clients.

(iv) Yee Swee Meng

Yee Swee Meng, a Malaysian aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 2 July 2021.

He graduated from University of Guelph, Ontario, Canada with a Bachelor of Arts in Economic in February 1984. He has been a fellow member of CPA Australia since May 2019 and obtained the recognition as a Certified Practising Accountant Australia in August 2017. He is a CA(M) and a member of the MIA since March 2018 and is a member of the ASEAN Chartered Professional Accountants Coordinating Committee since August 2018.

He began his career in November 1985 with Metroplex Berhad as Finance Executive where he was responsible for financing transactions. He left the company in January 1989 and subsequently joined Supreme Finance (M) Berhad as Branch Executive and managed the branch operations. In May 1991, he left Supreme Finance (M) Berhad and joined MBF Finance Berhad as Head of Corporate Division where he was involved in the marketing of corporate loans. He left MBF Finance Berhad in March 1992 and joined Primework (M) Sdn Bhd as Financial Controller where he was responsible for the management of all finance and accounting operations including developing financial strategy and cash flow management. In May 1995, he left Primework (M) Sdn Bhd and joined STS Technic Bhd as Group Corporate Manager and was also appointed as executive director of a subsidiary of STS Technic Bhd where he oversaw the corporate development and investment activities of the group companies.

In September 2001, he left STS Technic Bhd and relocated to Indonesia. In December 2001, he joined RGM International Pte Ltd as Senior Financial Controller where his main role was to manage the financial aspects of the company.

In December 2003, he left RGM International Pte Ltd and returned to Malaysia. Upon his return to Malaysia, he took a career break for family reasons. He joined Unichamp Mineral Sdn Bhd in May 2004 as General Manager of Finance Administration where his main role was to advise the company's board of directors on all financial matters, management control, mergers and acquisitions transactions and other strategy issues.

He left Unichamp Mineral Sdn Bhd in September 2007 and joined V.S. Industry Berhad group of companies ("**V.S. Industry Group**") in February 2008. Between February 2008 and August 2017, he held three roles within the V.S. Industry Group, namely Finance Controller, Finance Director of VS Industry Vietnam Joint Stock Company and General Director of VS Technology Pte Ltd. His responsibilities included, among others, advising the board of directors on all financial matters, management control, policies, mergers and acquisitions and other strategy issues.

In August 2017, he left the V.S. Industry Group and took a career break before he joined Sunpro Capital Group Ltd, Vietnam as Finance Director Cum Executive Chairman Special Assistant in September 2018 where he managed the finance department and was responsible for all aspects of the company's business.

After he left Sunpro Capital Group Ltd, Vietnam in June 2019, he focuses on financial advisory work where he provides financial advice such as investment management and tax planning.

(v) LCY

LCY is our Non-Independent Executive Director and Group Chief Executive Officer. His profile is set out in Section 9.1.2(ii) of this Prospectus.

(vi) LHC

LHC is our Non-Independent Executive Director and Group Chief Financial Officer. His profile is set out in Section 9.1.2(iii) of this Prospectus.

9.2.3 Principal directorships and principal business activities of our Directors outside our Group

The following table sets out the principal directorships and principal business activities of our Directors outside our Group as at the LPD ("**Present Involvement**") and principal directorships of our Directors outside our Group in the past five (5) years preceding the LPD ("**Past Involvement**"):

(i) Datin Normaliza Binti Kairon

Datin Normaliza Binti Kairon does not have any principal directorships and principal business activities outside our Group as at the LPD and did not hold any principal directorship outside our Group in the past five years preceding the LPD.

(ii) F'ng Meow Cheng

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Present Involvement:					
AEMC Consulting	Corporate and management advisory services	Sole proprietor	17 January 2013	-	-
Astaman Development Sdn Bhd	Property development where the company is a joint venture partner providing land for development	Director	2 September 2004	-	-
CBL Global Sdn Bhd	Investment in real properties	Director/ Shareholder	3 July 2009	-	50.00
KS Wan Properties Sdn Bhd	Investment in real properties	Director/ Shareholder	18 July 2014	-	99.99
Lebar Mekar Development Sdn Bhd	Investment holding in a company involved in provision of construction services	Shareholder	-	-	5.00

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
MC F'NG Consultancy Sdn Bhd	Provision of tax compliance and consultation, financial and management services	Director/ Shareholder	30 March 2006	-	99.98
Muncul Megah Development Sdn Bhd	Investment in real properties	Director/ Shareholder	16 February 2007	-	99.99
Sierra Avenue BPO Sdn Bhd	Provision of business process outsourcing services	Director/ Shareholder	4 January 2021	-	50.00
SNS Network Technology Berhad	Retail sale of computers, computer equipment and supplies	Director	28 September 2021	-	-
UWC Berhad	Investment holding company of subsidiaries involved in provision of precision sheet metal fabrication and value-added assembly services	Independent Non-Executive Director	7 November 2018	-	-
Past Involvement:					
HS Life Venture	Trading in household products, kitchen wares, costumes, accessories, health foods, foodwares and foodstuffs	Sole proprietor	1 July 2009	Ceased to be sole proprietor on 17 October 2017	
Mcmillan Andrew Mathew Sdn Bhd	Engaged in provision of consultancy, taxation and accounting services	Director	22 July 2014	1 August 2016	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(iii) Nor Shahmir Bin Nor Shahid

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Present Involvement:					
Bizmart Trading Sdn Bhd	Provision stores, wholesale of other foodstuffs and business management consultancy services	Director	2 August 2021	-	-
Global Allied Sdn Bhd	Trading in all kinds of steel products for construction (in the process of winding-up)	Director	13 July 2018	-	-
Green Epitome Sdn Bhd	Investment holding in properties and securities and trading of goods	Director	31 October 2021	-	-
Hos Agro Sdn Bhd	To sell, purchase, lease or otherwise deal in agriculture land and act as dealers, retailers, distributors etc. of agriculture products and technology used in farming	Director/ Shareholder	15 October 2020	-	50.00
Mai Borong Sdn Bhd	Wholesale of meat, fish, fruits and vegetables, provision of stores, wholesale of a variety of goods without any particular specialisation	Director	10 July 2021	-	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
WC Rawa Management Sdn Bhd	Investment holding in companies of companies related to the wholesale, trading of provisions and integrated supply chain management for the grocery retail industry	Director	31 May 2021	-	-
Widuri Capital Advisors Sdn Bhd	Financial consultancy services, business management consultancy services and investment advisory services	Director	29 January 2021	-	-
Past Involvement:					
Armor Master Sdn Bhd	Investment holding of companies in building materials trading activities	Director	13 July 2018	15 July 2020	-
Artilin Sdn Bhd	Investment holding of companies in the business of trading of building materials (Dissolved)	Director	13 July 2018	Ceased to be a director on 6 May 2019	-
Budimex Sdn Bhd	Trading agent of building materials	Director	13 July 2018	15 July 2020	-
Eager Vest Sdn Bhd	Investment holding of companies related to trading of building materials	Director	13 July 2018	15 July 2020	-
Glorious Future Sdn Bhd	Investment holding of companies related to trading of building materials	Director	13 July 2018	15 July 2020	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Jentayu Life Sdn Bhd	• Retail sale of construction materials, hardware, paints and glass • Retail sale of household furniture • Buying, selling, renting and operating of self-owned or leased real estate – non-residential buildings	Director	4 March 2019	15 July 2020	-
Jentayu (MM2H) Sdn Bhd	Business of providing related services for Malaysia My Second Home programme	Director	13 July 2018	15 July 2020	-
Mudacare Sdn Bhd	To carry on the business of trading in medical supplies and all other activities in relation thereto	Director	13 July 2018	15 July 2020	-
Perfect Furniture Fittings Systems Sdn Bhd	Investment holding of companies related to trading of building materials (Dissolved)	Director	13 July 2018	Ceased to be director on 24 January 2020	-
Perak Metal Industries Sdn Bhd	Manufacture and sale of locks and hinges (Dormant)	Director	13 July 2018	15 July 2020	-
Ipmuda Architectural Products Sdn Bhd	Trading in locksets and architectural hardware products	Director	6 January 2020	15 July 2020	-
Ipmuda Buildermart Sdn Bhd	Trading in building materials	Director	6 January 2020	15 July 2020	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Ipmuda Building Materials Sdn Bhd	Investment holding of companies related to trading of building materials (Dissolved)	Director	13 July 2018	Ceased to be director on 11 October 2019	-
Ipmuda Development Sdn Bhd	Trading in building materials	Director	7 January 2020	15 July 2020	-
Ipmuda Edar Sdn Bhd	Trading and distribution of lubricants and fuel	Director	6 January 2020	15 July 2020	-
Ipmuda Lanco Sdn Bhd	Wholesale of other construction materials, hardware, plumbing and heating equipment and supplies	Director	13 July 2018	15 July 2020	-
Ipmuda Oil & Gas Sdn Bhd	Wholesale of other construction materials, hardware, plumbing and heating equipment and supplies	Director	13 July 2018	15 July 2020	-
Ipmuda Properties Sdn Bhd	Property development	Director	12 July 2018	15 July 2020	-
Ipmuda Tradelinks Sdn Bhd	Wholesale for other construction materials, hardware, plumbing and heating equipment and supplies	Director	13 July 2018	15 July 2020	-
Ipmuda Utara Sdn Bhd	Trading of building materials	Director	7 January 2020	15 July 2020	-
Roset-BLG Sdn Bhd	Letting of properties	Director	12 July 2018	15 July 2020	-
Roset Interiors Sdn Bhd	Distributor and retailer for the supply and installation of kitchen cabinets, wardrobes, electrical appliances, sinks and tap fittings	Director	3 September 2018	15 July 2020	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Roset Properties Sdn Bhd	Management of real estate on a fee or contract basis	Director	13 July 2018	15 July 2020	-
Sitolly Co. Sdn Bhd	Licensed money lending activities	Director	15 January 2019	15 July 2020	-
Toriki Metal Engineering Snd Bhd	Property holding	Director	13 July 2018	15 July 2020	-
Uniherbal Sdn Bhd	Other retail sale not in stores, stalls or markets	Director	13 July 2018	15 July 2020	-
Victory Rally Sdn Bhd	Property holding	Director	13 July 2018	15 July 2020	-

(iv) Yee Swee Meng

Yee Swee Meng does not have any principal directorships and principal business activities outside our Group as at the LPD and did not hold any principal directorship outside our Group in the past five (5) years preceding the LPD.

(v) LCY

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Present Involvement:					
MSH	Investment holding with investment in our Company	Director/ Shareholder	25 August 2017	-	27.50
Past Involvement:					
-	-	-	-	-	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(vi) LHC

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Present Involvement:					
Asalribu (M) Sdn Bhd	Tuition centre	Shareholder	-	-	5.00
MSH	Investment holding with investment in our Company	Director/ Shareholder	25 August 2017	-	27.50
Omnilite Sdn Bhd	Investment holding in shares in a public listed company	Shareholder	-	-	3.94
Park Excellent Sdn Bhd	Tuition centre	Shareholder	-	-	6.67
Past Involvement:					
Comintel Corporation	Investment holding with investment in IT, telecommunication, manufacturing and R&D companies	Director	28 June 2004	23 January 2018	-
Comintel Green Technologies Sdn Bhd	Carrying out business sin renewable and green technology products and other energy efficient solutions	Director	2 September 2002	15 March 2018	-
Comintel Tech Services Sdn Bhd	Electronic systems testing and repair, development of test programs and the provision of integrated logistic support	Director	18 November 1998	15 March 2018	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Elite Eco Solutions Sdn Bhd	Manufacture of miscellaneous electrical equipment other than motors, generators and transformers, batteries and accumulators, wires and wiring devices, lighting equipment or domestic appliances	Director	12 September 2017	30 September 2017	-
Omnilite Sdn Bhd	Investment holding in shares in a public listed company	Director	31 January 1997	26 November 2015	
Phreenux Sdn Bhd	Struck-off on 18 January 2019	Director/ Shareholder	17 December 2009	Ceased to be director and shareholder on 28 January 2019	50.00

The involvement of our Directors in the business activities outside our Group as stated above will not affect their commitment and responsibilities as well as contribution to our Group in their respective roles as our Directors.

9.2.4 Directors' remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid or proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 31 January 2021 and FYE 31 January 2022 are as follows:

FYE 31 January 2021 (paid)	Salaries	Fees	Bonus	EPF and Social Security Organisation	Allowances	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Datin Normaliza Binti Kairon	-	-	-	-	-	-	-
F'ng Meow Cheng	-	-	-	-	-	-	-
Nor Shahmir Bin Nor Shahid	-	-	-	-	-	-	-
Yee Swee Meng	-	-	-	-	-	-	-
LCY	579.2	-	-	32.3	-	24	635.5
LHC	483.2	-	-	58.9	-	24	566.1

FYE 31 January 2022 (Proposed to be paid)	Salaries	Fees	Bonus	EPF and Social Security Organisation	Allowances	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Datin Normaliza Binti Kairon	-	12	-	-	2	-	14
F'ng Meow Cheng	-	12	-	-	2	-	14
Nor Shahmir Bin Nor Shahid	-	12	-	-	2	-	14
Yee Swee Meng	-	12	-	-	2	-	14
LCY	516	-	129	31.5	-	24	700.5
LHC	420	-	105	64	-	24	613

The remuneration of our Directors which includes our Directors' fees, bonuses, and such other allowances as well as other benefits must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

9.3 BOARD PRACTICES

9.3.1 Directors' term of office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The number of years that our Directors have served in office as at the LPD and the date of expiration of their respective term of office are as follows:

Director	Designation	Date of appointment	Date of expiration of the current term of office at AGM	No. of year(s) in office
Datin Normaliza Binti Kairon	Independent Non-Executive Director / Chairperson	2 April 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year
F'ng Meow Cheng	Independent Non-Executive Director	2 April 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year
Nor Shahmir Bin Nor Shahid	Independent Non-Executive Director	2 April 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year
Yee Swee Meng	Independent Non-Executive Director	2 July 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year
LCY	Non-Independent Executive Director / Group Chief Executive Officer	9 February 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year
LHC	Non-Independent Executive Director / Group Chief Financial Officer	9 February 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year

According to our Constitution, all our Directors (including the Executive Directors) shall retire from office at the first AGM of our Company, and one-third of our Directors are subject to retirement by rotation such that each Director shall retire once in every three years or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office at each AGM.

Our Directors to retire every year shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed as Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

A Director appointed by our Board to fill in a casual vacancy or as an addition to our existing Board, shall hold office only until the next AGM of our Company and shall then be eligible for re-election.

9.3.2 Audit Committee

Our Audit Committee was established by our Board on 2 April 2021. Our Audit Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Name	Designation	Directorship
Nor Shahmir Bin Nor Shahid	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
F'ng Meow Cheng	Member	Independent Non-Executive Director

The terms of reference of our Audit Committee, among others, include the following:

(i) To review the audit plan and audit report with the external auditors;

(ii) To review the assistance given by our Company's auditors and to meet with the external auditors without executive Board members' presence at least twice a year;

(iii) To review the quarterly results and yearend financial statements of our Company and our Group, prior to the approval by our Board, focusing particularly on:

  (a) Changes in or implementation of major accounting policies changes;

  (b) Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and

  (c) Compliance with accounting standards, regulatory and other legal requirements.

(iv) To review any related party transaction and conflict of interest situation that may arise within our Company and our Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(v) To review the adequacy of the scope, functions, competency and resources of the internal audit functions including appointment and removal, scope of work, performance evaluation and budget relating thereto, and to ensure that it has the necessary authority to carry out its work;

(vi) To review any internal audit plan, processes, the results of the internal audit assessments, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(vii) To review any evaluation made on the systems of internal controls with the internal and external auditors;

(viii) To review and approve non-audit services before services are rendered by the external auditors and its affiliates;

(ix) To recommend to our Board the appointment or re-appointment of the external auditors at the general meeting, after taking into consideration the independence and suitability of the external auditors and matters relating to the resignation or removal of the external auditors;

(x) To consider any resignation or removal of the external auditors, and to furnish such written explanation or representation from the external auditors to Bursa Securities;

(xi) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointments;

(xii) The Chairperson of the Committee should engage on a continuous basis with senior management, the internal audit and the external auditors in order to be kept informed of matters affecting our Group;

(xiii) To prepare and review the Audit Committee report in accordance with Paragraph 15.15 of the Listing Requirements;

(xiv) To report promptly to Bursa Securities on any matter reported by it to our Board, which has not been satisfactorily resolved resulting in the breach of the Listing Requirements; and

(xv) To undertake such other functions as may be agreed by our Audit Committee and our Board.

Our Audit Committee may obtain advice from independent parties and other professionals in discharging their duties.

9.3.3 Remuneration Committee

Our Remuneration Committee was established by our Board on 2 April 2021. Our Remuneration Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Name	Designation	Directorship
Yee Swee Meng	Chairperson	Independent Non-Executive Director
Nor Shahmir Bin Nor Shahid	Member	Independent Non-Executive Director
F'ng Meow Cheng	Member	Independent Non-Executive Director

The terms of reference of our Remuneration Committee, among others, include the following:

(i) To formulate and review the policy framework and making recommendation to our Board on the annual remuneration packages and benefits extended to the Executive Director and senior management, taking into account the performance of each individual as well as corporate performance;

(ii) To review the remuneration and benefits accorded to the Non-Executive Directors to ensure that the level of remuneration commensurate with the experience and level of responsibilities undertaken; and

(iii) To ensure the fees and benefits payable to the Non-Executive Directors, fees and any non-contractual benefits payable to the Executive Directors (if any), and any compensation for loss of employment of an Executive Director or former Director of our Group (if any) shall be approved at a general meeting.

9.3.4 Nomination Committee

Our Nomination Committee was established by our Board on 2 April 2021. Our Nomination Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Name	Designation	Directorship
F'ng Meow Cheng	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
Nor Shahmir Bin Nor Shahid	Member	Independent Non-Executive Director

The terms of reference of our Nomination Committee, among others, include the following:

(i) To propose new nominees for our Board, taking into consideration the candidates' skills, knowledge, expertise and experience; professionalism; integrity; and in the case of candidates for the position of Independent Non-Executive Directors, our Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;

(ii) To make appropriate recommendations to our Board on matters of renewal or extension of Directors' term and re-appointment of retiring Directors;

(iii) To recommend to our Board, Directors to fill the seats on Board committees;

(iv) To assess our Directors on an ongoing basis;

(v) To review and assess performance of Non-Executive Directors annually based on skills, experience and core competencies which Non-Executive Directors should bring to our Board and submit its recommendations to our Board;

(vi) To review the structure, size, diversity (including gender diversity) and composition of our Board at least once in a year, and make recommendations to our Board on any adjustments that are deemed necessary;

(vii) To carry out the process implemented by our Board on an annual basis for assessing the effectiveness of our Board as a whole, our Board committees and for assessing the contribution, time commitment and protocols for new directorships of each individual Director including the Independent Non-Executive Directors and the Group Chief Executive Officer;

(viii) To assist our Board in annual review of the independence of the Independent Non-Executive Director;

(ix) To review succession planning of our Board, Board committees and key management personnel including the Group Chief Executive Officer;

(x) To review the term of office and performance of our Audit Committee and each of its members annually to determine whether our Audit Committee members have carried out their duties in accordance to its terms of reference;

(xi) To identify and recommend the appropriate continuing education/training programmes for our Board members, and conduct Board induction programmes for newly appointed Board members;

(xii) Our Board, subject to the assessment of our Nomination Committee, shall justify and seek annual shareholders' approval through a two-tier voting process in accordance with paragraph 5.3 of the MCCG's practice in the event it intends to retain an independent Director, a person who has served in that capacity for more than nine (9) years; and

(xiii) To prepare and review the Nomination Committee Report in accordance with Paragraph 15.08A(3) of the Listing Requirements.

9.3.5 Risk Management Committee

Our Risk Management Committee was established by our Board on 2 April 2021. Our Risk Management Committee currently comprises the following members, a majority of which are Independent Non-Executive Directors:

Name	Designation	Directorship
Nor Shahmir Bin Nor Shahid	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
LHC	Member	Non-Independent Executive Director/ Group Chief Financial Officer

The terms of reference of our Risk Management Committee, among others, include the following:

(i) Determine that there is a robust process in place for identifying, managing, and monitoring critical risks; oversee execution of that process; and ensure it is continuously improved as the business environment changes;

(ii) Determine that there are policies and procedures established and in place for whistleblowing and to prevent bribery and corruption, and to ensure that each of the policy will be continuously reviewed;

(iii) Provide timely input to management on critical risk issues;

(iv) Engage management in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arise;

(v) Oversee the conduct, and review the results, of company-wide risk assessments, including the identification and reporting of critical risks;

(vi) Oversee the management of certain risks, with regard to the complexity and significance of these risk exposures;

(vii) Provide advice to our Board on risk strategies and coordinate the activities of the various standing Board committees for risk oversight; and

(viii) Promote a healthy risk culture and watch for dysfunctional behaviour that could undermine the effectiveness of the risk management process (e.g. excessive risk-taking due to misaligned key performance indicators and remuneration schemes).

9.4 KEY SENIOR MANAGEMENT

9.4.1 Particulars and shareholdings

Other than the Executive Directors, LCY and LHC, whose shareholdings before and after our IPO are set out in Sections 9.1.1 and 9.2.1 of this Prospectus, the particulars of our other key senior management and their respective direct and indirect shareholdings in our Company before and after our IPO are as follows:

			Before our IPO				After our IPO			
			Direct		Indirect		Direct		Indirect	
Name	**Designation**	**Nationality**	**No. of Shares**	**[1]%**	**No. of Shares**	**[1]%**	**No. of Shares**	**[2]%**	**No. of Shares**	**[2]%**
			'000		**'000**		**'000**		**'000**	
Chong Kean Seong	Senior Director of Operation	Malaysian	-	-	-	-	[3]100	[4]-	-	-
Seah Chin Sen	Senior Director of Supply Chain Management	Malaysian	-	-	-	-	[3]90	[4]-	-	-
Chieng Chee Boon	Senior Director of Quality Assurance and Manufacturing Planning	Malaysian	-	-	-	-	[3]90	[4]-	-	-
Khoo Boo Eng	Director of Business Development	Malaysian	-	-	-	-	[3]40	[4]-	-	-
Valli Kumaran A/L Ramachandran	Director of Finance	Malaysian	-	-	-	-	[3]40	[4]-	-	-
Hafiz Bin Hashim	Director of Test Systems Engineering	Malaysian	-	-	-	-	[3]40	[4]-	-	-

Notes:

(1) *Based on our issued Shares before our IPO of 281,170,000 ATech Shares.*

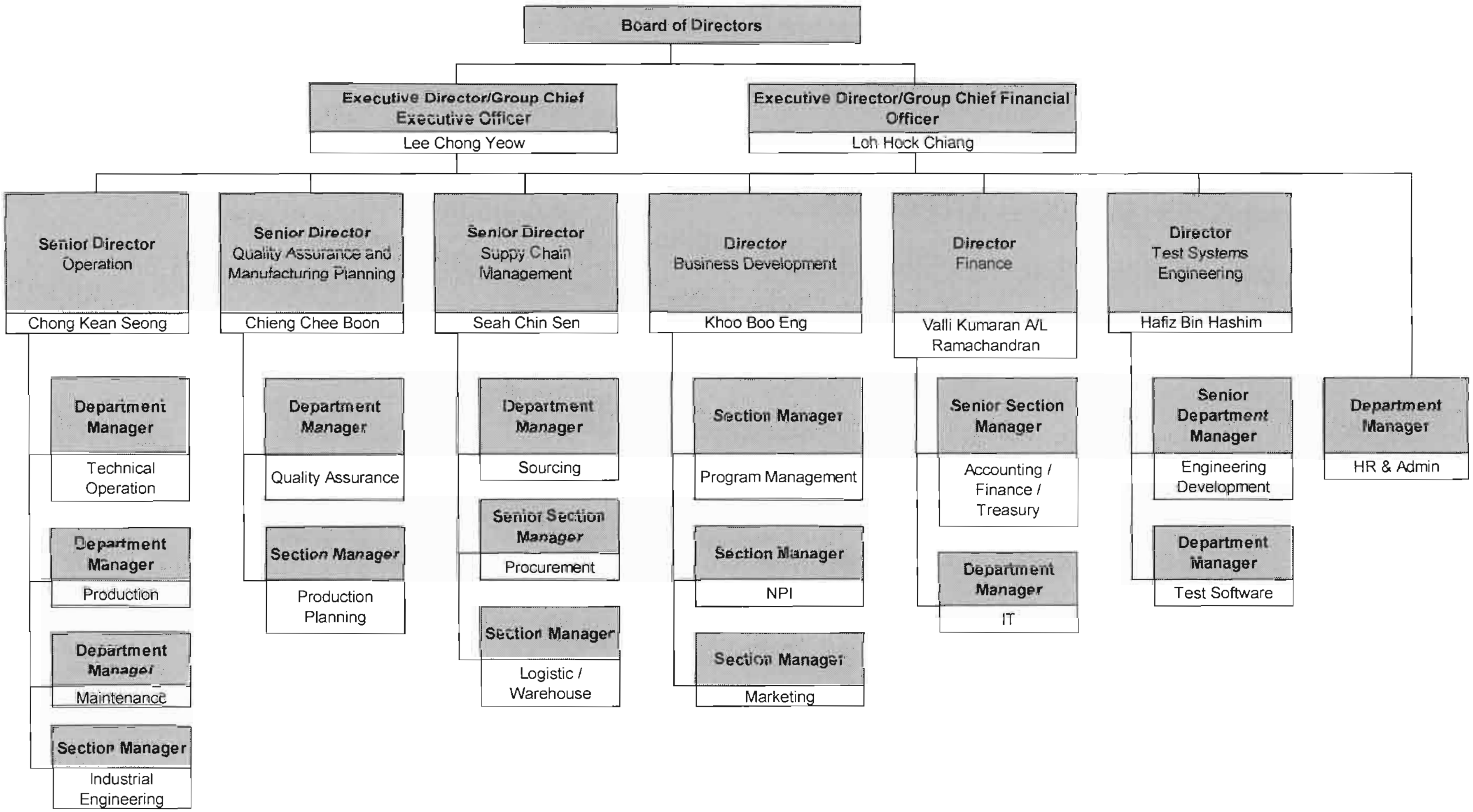
(2) *Based on our enlarged issued Shares after our IPO of 358,180,000 ATech Shares.*

(3) *Assuming the key senior management subscribe in full our Shares allocated to them as an Eligible Person pursuant to the Retail Offering.*

(4) *Negligible.*

9.4.2 Management reporting structure

Our management reporting structure is as follows:



9.4.3 Profiles of our key senior management

The profiles of our Executive Directors, LCY and LHC who are also part of our key senior management, are set out in Section 9.1.2 of this Prospectus.

(i) Chong Kean Seong

Chong Kean Seong, a Malaysian aged 49, is our Senior Director of Operation. He has overall responsibility for engineering and production activities which include resources allocation, production build schedule, product roll yield and production continuous improvement activities. He has more than 20 years working experience in manufacturing industry.

He graduated with a Diploma in Technology (Mechanical and Manufacturing Engineering) from Tunku Abdul Rahman College in May 1996. He later received a Master of Science in Manufacturing Systems Engineering from Queens University of Belfast, Northern Ireland in November 1997.

He began his career as a Process Engineer with Motorola Technology Sdn Bhd in Penang in November 1997 where he was responsible for driving daily production line maintenance, initiating and leading continuous improvement activities. He left the company in February 2001 and joined BCM Electronics as Section Manager of Engineering (Technical Operations) Department in March 2001. In August 2006, he was promoted to Head of Engineering (Technical Operations) Department and subsequently in May 2014, he was promoted to Director of Engineering Department. In May 2021, he was re-designated as Senior Director of Operation in May 2021 where he assumed his current responsibilities.

(ii) Seah Chin Sen

Seah Chin Sen, a Malaysian aged 52, is our Senior Director of Supply Chain Management. He is responsible for overseeing supply chain management activities. He has more than 20 years working experience in manufacturing industry.

He graduated with a Bachelor of Arts with specialisation in Geography from Universiti Sains Malaysia in August 1994.

He began his career as a Buyer Analyst with Motorola Technology Penang in April 1994 where he was responsible for purchasing components to support manufacturing line. In April 1996, he left the company and joined BCM Electronics as Senior Material Officer. He was promoted several times during his employment with BCM Electronics, namely Material Section Head in June 1997, Material Section Manager in November 1999, Material Manager in November 2000 and Senior Department Head in August 2006.

In January 2010, he was then promoted to the position of Director of Supply Chain Management. In May 2021, he was re-designated as Senior Director of Supply Chain Management where he assumed his current responsibilities.

(iii) Chieng Chee Boon

Chieng Chee Boon, a Malaysian aged 49, is our Senior Director of Quality Assurance and Manufacturing Planning. He is responsible for the plantwide quality management system and manufacturing planning department. He graduated with a Bachelor of Science from University of South Alabama, USA in December 1996. He has more than 20 years of working experience in manufacturing industry.

He began his career with Unico Technology Sdn Bhd as Statistician and Quality Assurance Engineer in April 1997. In January 1999, he left the company and joined Thundercom Sdn Bhd as Assistance Operation Manager. In October 1999, he left Thundercom Sdn Bhd and subsequently joined BCM Electronics as Section Head of Business Development Department. He was promoted several times during his employment with BCM Electronics, namely Quality Assurance Section Manager in May 2000, Quality Assurance Manager in November 2000 and Head of Department for Quality Assurance Department in October 2002 In August 2004, he was assigned to lead the Business Development Department and Industrial Engineering Department, before becoming Senior Manager of Quality Assurance Department in August 2006.

In June 2013, he was promoted to the position of Director of Quality Assurance Department and Manufacturing Planning Department. In May 2021, he was re-designated as Senior Director of Quality Assurance and Planning where he assumed his current responsibilities.

(iv) Khoo Boo Eng

Khoo Boo Eng, a Malaysian aged 60, is our Director of Business Development. He is responsible for pursuing new business leads for the growth of the business of our Group. He has more than 30 years working experience in manufacturing industry.

He graduated with a Bachelor of Engineering from Universiti Malaya in August 1985.

He began his career with Motorola Technology Sdn Bhd in Penang as Research and Development Engineer in October 1985 where he specialised in receiver and transmitter circuitry of Motorola walkie talkie radio and manufacturing walkie talkie. In June 1998, he was assigned to Motorola, Beijing, China as Director of Sales. In May 2005, he left the position and joined Hytera Communications Corporation Limited ("**Hytera**") in Shenzhen, China, as Senior Vice President where he was responsible for international sales, research and development department and supply chain management. In August 2008, he left Hytera and took a career break before joining Sepura plc in November 2009 as Regional Director where he was responsible for sales.

In December 2010, he left the company and subsequently joined Alcatel-Lucent in Shanghai, China, as Vice President where he was responsible for sales and business development. In January 2014, he joined Stadium Group PLC in Chang Ping, Dong Guan District of Guang Dong Province, China as Director of Sales. In February 2014, he was assigned to become Director of Sales of Stadium Group PLC, Hong Kong before returning to Malaysia in July 2015 for a career break.

In February 2016, he joined BCM Electronics as Director of Business Development where he assumed his current responsibilities.

(v) Valli Kumaran A/L Ramachandran

Valli Kumaran A/L Ramachandran, a Malaysian aged 49, is our Director of Finance. He is responsible for managing the finance functions of our Group which include financial planning and review, cash flow management and financial reporting.

He obtained a Bachelor of Business Administration from Universiti Utara Malaysia in July 1997. He has more than 20 years of working experience in accounting and finance.

He began his career with BCM Electronics in June 1997 as Finance Assistant where he was responsible for account payables. He was promoted several times during his employment with BCM Electronics, namely Finance Analyst II in May 1998, Finance Officer in May 2000, Section Head of Finance Department in November 2000, Senior Section Manager of Finance Department in September 2004, Manager of Finance Department in January 2010 and Senior Manager of Finance & IT Department in January 2011.

In June 2015, he was promoted to his current position of Director of Finance where he assumed his current responsibilities.

(vi) Hafiz Bin Hashim

Hafiz Bin Hashim, a Malaysian aged 49, is our Director of Test Systems Engineering. He is responsible for overseeing test systems engineering functions. He has more than 20 years working experience in manufacturing industry.

He obtained a Certificate of Electronics and Computer Technology from Ungku Omar Polytechnic in June 1992.

He began his career as Technician with Motorola Corporation Sdn Bhd in June 1992 where he was responsible for product analysing and test process control. He was promoted to the position of Senior Technician in June 1993 and Technical Group Leader in June 1994. In May 1995, he left the company and joined BCM Electronics as Test Engineer. He was promoted several times in Test Systems Engineering Department during his employment with BCM Electronics, namely Senior Product Engineer in November 1997, Engineering Section Head in May 2000, Section Manager in August 2004, Senior Section Manager in September 2004 and Department Manager in September 2008.

In January 2010, he was promoted to the position of Senior Department Manager. In April 2021, he was re-designated as Director of Test Systems Engineering where he assumed his current responsibilities.

9.4.4 Principal directorships and principal business activities of our key senior management outside our Group

Other than our Executive Directors, LCY and LHC, whose principal directorships and involvement in principal business activities outside our Group as at the LPD as well as their principal directorships outside our Group in the past five (5) years preceding the LPD are disclosed in Section 9.2.3 of this Prospectus, the principal directorships and principal business activities of our key senior management outside our Group as at the LPD ("**Present Involvement**") as well as principal directorships of our key senior management in the past five (5) years preceding the LPD ("**Past Involvement**") are as follows:

(i) Chong Kean Seong

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Present Involvement:					
Titanium	Investment holding of shares	Shareholder	-	-	10.00
Past Involvement:					
None	-	-	-	-	-

(ii) Seah Chin Sen

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Present Involvement:					
Titanium	Investment holding of shares	Shareholder		-	10.00
Past Involvement:					
None	-	-	-	-	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(iii) Chieng Chee Boon

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Present Involvement:					
Titanium	Investment holding of shares	Shareholder		-	10.00
Past Involvement:					
None	-	-	-	-	-

(iv) Khoo Boo Eng

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Present Involvement:					
Titanium	Investment holding of shares	Director	15 December 2020	-	7.66
Past Involvement:					
T & B Pinecone Enterprise	Trading and consultation	Sole proprietor	2 November 2015	Ceased to be sole proprietor on 6 November 2019	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(v) **Valli Kumaran A/L Ramachandran**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%
Present Involvement:					
Titanium	Investment holding of shares	Shareholder	-	-	7.66
Past Involvement:					
None	-	-	-	-	-

(vi) **Hafiz Bin Hashim**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
					%
Present Involvement:					
Titanium	Investment holding of shares	Shareholder	-	-	7.66
Past Involvement:					
An Nur Zada Hana Enterprise	Preparation, process, storage and serving of foods for sale	Sole proprietor	15 July 2016	Ceased to be sole proprietor on 24 August 2016	-

The involvement of our key senior management in the business activities outside our Group as stated above will not affect their continued contribution to the day-to-day management and operations of our Group.

9.4.5 Key senior management's remuneration and material benefits-in-kind

Save for the remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid to our Executive Directors as disclosed in Section 9.2.4 of this Prospectus, the aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid or proposed to be paid to our other key senior management for services rendered in all capacities to our Group for the FYE 31 January 2021 and FYE 31 January 2022 are as follows:

	Remuneration band (FYE 31 January)	
Key senior management	**2021 (Paid)**	**2022 (Proposed to be paid)**
	RM'000	**RM'000**
Chong Kean Seong	250-300	250-300
Seah Chin Sen	250-300	250-300
Chieng Chee Boon	250-300	250-300
Khoo Boo Eng	250-300	250-300
Valli Kumaran A/L Ramachandran	200-250	200-250
Hafiz Bin Hashim	150-200	200-250

9.5 ASSOCIATIONS OR FAMILY RELATIONSHIPS BETWEEN THE PROMOTERS, OUR SUBTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no associations or family relationships between the Promoters, our substantial shareholders, Directors and key senior management:

(i) LCY who is the Promoter, indirect substantial shareholder, Executive Director and Group Chief Executive Officer is also the controlling shareholder and director of MSH which in turn is the substantial shareholder of ATech; and

(ii) LHC who is the Promoter, indirect substantial shareholder, Executive Director and Group Chief Financial Officer is also the controlling shareholder and director of MSH which in turn is the substantial shareholder of ATech.

9.6 DECLARATION BY THE PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of the Promoters, Directors or key senior management has been involved in any of the following events (whether in or outside Malaysia):

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

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

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

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

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

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

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

(viii) any unsatisfied judgment against such person.

9.7 EXISTING OR PROPOSED SERVICE CONTRACTS

As at the date of this Prospectus, there are no existing or proposed service contracts between our Company and our Directors or key senior management which provide for benefits upon termination of employment.

9.8 MANAGEMENT SUCCESSION PLAN

We recognise the importance of management succession for business continuity and hence, have taken the following steps with the aim of retaining our key senior management and at the same time, grooming our lower and middle management staff:

(i) career development, which is not just done through training but via a blended learning approach which include learning by doing, coaching and mentoring. We also practice cross functional taskforce, short term assignment and job rotation (where situation warrants), and by so doing, we are able to identify our staffs' strengths and talent, and channel these talents to the appropriate functions;

(ii) career progression, where our key senior management has been and will continue to be grooming lower and middle management staff to gradually assume greater responsibilities and eventually the responsibilities of our key senior management after due assessments and reviews of our staffs' ability, knowledge, skills, leadership and performance contribution;

(iii) direct interaction and inclusive involvement with our customers and suppliers, where we ensure that our key senior management as well as our lower and middle management staff participate in our engagements and dealings with our customers and suppliers to build greater trust and ensure a continuous working relationship at all levels;

(iv) leadership development, where our key senior management are required to continuously enhance their cross functional knowledge to develop and enhance their business acumen and all-around understanding of our business and operations as part of our leadership succession planning;

(v) competitive remuneration and benefits based upon annual staff performance review; and

(vi) implementing the ESS pursuant to our Listing.

If the need arises, we will recruit qualified and competent personnel with knowledge and expertise of our business to enhance our operations. By enhancing our corporate profile as a listed issuer, we expect to be able to attract more qualified personnel to play an active role in the growth and success of our Group.

10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

10.1.1 Material related party transactions

Save for the Pre-IPO Restructuring as disclosed below, there are no other material related party transactions entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them for the FYE Under Review, FPE 31 August 2021 and up to the LPD:

Transacting party	Nature of relationship	Nature of transaction	Transaction value				
			FYE 31 January 2019	FYE 31 January 2020	FYE 31 January 2021	FPE 31 August 2021	From 1 September 2021 up to the LPD
			RM '000	RM '000	RM '000	RM '000	RM '000
Our Company (purchaser) and MSH (vendor)	• MSH is our major shareholder • LCY and LHC are our Directors and major shareholders and also the directors and substantial shareholders of MSH • MSL is our major shareholder, a substantial shareholder of MSH and a person connected to LCY and LHC	Acquisition by our Company of the entire equity interest in BCM Electronics from MSH in accordance with the share sale agreement dated 20 July 2021 and the supplemental letter to the share sale agreement dated 3 November 2021 entered into between our Company and MSH pursuant to the Pre-IPO Restructuring. The Pre-IPO Restructuring was completed on 3 November 2021. See Section 6.1.3 of this Prospectus for further details of the Pre-IPO Restructuring.	-	-	-	-	[1]84,351

Note:

(1) The purchase consideration represents a PB Multiple of approximately 1.0 time of the audited NA value of BCM Electronics as at 31 January 2021 of approximately RM84.1 million. The purchase consideration was satisfied entirely by the issuance of 281,169,999 Consideration Shares.

Our Directors confirm that the Pre-IPO Restructuring was carried out on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party and are not detrimental to our non-interested shareholders.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if such related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and our non-interested shareholders, and to mitigate and potential conflict of interest situation, our Audit Committee and our Risk Management Committee will, among others, supervise and monitor any recurrent related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosure in our annual report with regard to any recurrent related party transaction entered into by us.

10.1.2 Related party transactions entered into that are unusual in their nature or conditions

There are no related party transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party to in respect of the FYE Under Review, FPE 31 August 2021 and up to the LPD.

10.1.3 Material outstanding loans and/or financial assistance (including guarantees of any kind) made to or for the benefit of related parties

There are no material outstanding loans or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of our related parties in respect of the FYE Under Review, FPE 31 August 2021 and up to the LPD.

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.2.1 Audit Committee and Risk Management Committee review

Our Audit Committee and our Risk Management Committee review related party transactions and conflicts of interest situations that may arise within our Company or our Group. Our Audit Committee and our Risk Management Committee also review any transaction, procedure or course of conduct that raises questions of management integrity, including our related party transactions. In reviewing the related party transactions, the following, among others, will be considered:

(a) the rationale and the cost/benefit to our Company is first considered;

(b) where possible, comparative quotes will be taken into consideration;

(c) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and

(d) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit Committee and our Risk Management Committee are reported to our Board for its further action.

10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers and the directors of our Group are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the public dealing on an arm's length basis with our Group and are not detrimental to our non-interested shareholders.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and the MCCG upon our Listing. The procedures which may form part of the framework including, among others, the following:

(i) our Board shall ensure that at least half of our Board members are Independent Directors and will undertake an annual assessment of our Independent Directors;

(ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and

(iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit Committee and our Risk Management Committee for evaluation and assessment who would, in turn, make a recommendation to our Board.

11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES WHICH ARE CARRYING ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE OUR CUSTOMERS AND/OR OUR SUPPLIERS

As at the LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in any entities which are carrying on a similar trade as that of our Group or which are our customers and/or our suppliers.

11.2 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

(i) Maybank IB

Maybank IB, being the Principal Adviser, Sole Bookrunner and Sole Underwriter for our IPO, and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses.

The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates.

This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, Maybank and Maybank Islamic (a subsidiary of Maybank) have extended credit facilities to MSH and BCM Electronics amounting to approximately RM23.0 million and RM126.8 million respectively in their ordinary course of business. Our Group is proposing to partly repay, and MSH is proposing to fully repay, the borrowings owing to Maybank using the proceeds raised from the Public Issue and Offer for Sale, respectively.

Notwithstanding, Maybank IB is of the view that the abovementioned does not give rise to a conflict of interest situation in its capacity as Principal Adviser, Sole Bookrunner and Sole Underwriter for our IPO due to the following:

(a) Maybank and Maybank Islamic are each a licensed commercial bank and a licensed Islamic bank, respectively, and the extension of credit facilities to our Group and MSH arose in the ordinary course of business of the Maybank Group;

(b) the conduct of the Maybank Group in its banking business is strictly regulated by, among others, the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and the Maybank Group's own internal controls and checks; and

(c) the total aggregate outstanding amount owed by our Group and MSH to the Maybank Group of about RM149.8 million is not material when compared to the audited consolidated NA of Maybank as at 31 December 2020 of RM84.4 billion.

Maybank IB confirms that there is no existing or potential conflict of interest situation in its capacity as Principal Adviser, Sole Bookrunner and Sole Underwriter for our IPO.

(ii) Wong Beh & Toh

Wong Beh & Toh confirms that there is no existing or potential conflict of interest situation in its capacity as the legal adviser to our Company as to Malaysian law in relation to our IPO.

(iii) Adnan Sundra & Low

Adnan Sundra & Low confirms that there is no existing or potential conflict of interest situation in its capacity as the legal adviser to the Sole Bookrunner and Sole Underwriter as to Malaysian law in relation to our IPO.

(iv) Auditors and Reporting Accountants

Grant Thornton Malaysia PLT confirms that there is no existing or potential conflict of interest situation in its capacity as the Auditors and Reporting Accountants for our Company in relation to our IPO.

(v) Vital Factor

Vital Factor confirms that there is no existing or potential conflict of interest situation in its capacity as the IMR in relation to our IPO.

(vi) Valuer

C H Williams Talhar & Wong Sdn Bhd confirms that there is no existing or potential conflict of interest situation in its capacity as the Valuer in relation to our IPO.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPEs 31 August 2020 and 31 August 2021 presented below have been extracted from the combined financial statements contained in the Accountants' Report included in Section 13 of this Prospectus ("**Combined Financial Statements**"). Our Combined Financial Statements are prepared in accordance with MFRS and IFRS.

The following selected historical combined financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 12.2 of this Prospectus together with the Accountants' Report set out in Section 13 of this Prospectus.

Selected financial information from the historical combined statements of comprehensive income

	FYE 31 January			FPE 31 August	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM	RM	RM	RM	RM
Revenue	358,171,456	389,305,417	362,165,317	185,616,333	200,037,506
Cost of sales	(315,384,240)	(343,100,470)	(332,092,384)	(172,542,750)	(175,528,062)
Gross profit	**42,787,216**	**46,204,947**	**30,072,933**	**13,073,583**	**24,509,444**
Other income	441,484	275,306	1,200,645	1,094,960	199,157
Administrative expenses	(8,942,724)	(9,733,890)	(9,113,932)	(4,809,360)	(5,409,393)
Selling and distribution expenses	(633,191)	(363,458)	(201,851)	(106,357)	(119,883)
Operating profit	**33,652,785**	**36,382,905**	**21,957,795**	**9,252,826**	**19,179,325**
Finance costs	(2,612,379)	(4,006,327)	(4,138,574)	(2,487,660)	(2,260,622)
PBT	**31,040,406**	**32,376,578**	**17,819,221**	**6,765,166**	**16,918,703**
Income tax expense	(7,159,272)	(8,780,363)	(2,723,710)	(1,509,210)	(3,716,000)
PAT	**23,881,134**	**23,596,215**	**15,095,511**	**5,255,956**	**13,202,703**
Other comprehensive income, net of tax	-	-	1,581,749	-	-
Total comprehensive income	**23,881,134**	**23,596,215**	**16,677,260**	**5,255,956**	**13,202,703**

	FYE 31 January			FPE 31 August	
	2019	2020	2021	2020	2021
Supplementary financial information					
EBITDA[(1)] (RM)	35,989,593	39,272,174	26,885,341	11,538,689	22,337,093
Gross profit margin[(2)] (%)	11.9	11.9	8.3	7.0	12.3
EBITDA margin[(3)] (%)	10.0	10.1	7.4	6.2	11.2
PBT margin[(4)] (%)	8.7	8.3	4.9	3.6	8.5
Effective tax rate[(5)] (%)	23.1	27.1	15.3	22.3	22.0
PAT margin[(6)] (%)	6.7	6.1	4.2	2.8	6.6
Basic/Diluted EPS[(7)] (sen)	6.67	6.59	4.21	1.47	3.69

Notes:

(1) EBITDA is calculated as PAT plus: (i) income tax expense; (ii) finance costs; (iii) depreciation of property, plant and equipment; and (iv) fair value loss on investment in quoted shares, less (v) interest income.

The following table reconciles our PAT to EBITDA for the financial years/period indicated:

	FYE 31 January			*FPE 31 August*	
	2019	***2020***	***2021***	***2020***	***2021***
	RM	***RM***	***RM***	***RM***	***RM***
PAT	*23,881,134*	*23,596,215*	*15,095,511*	*5,255,956*	*13,202,703*
Add/(Less):					
Income tax expense	*7,159,272*	*8,780,363*	*2,723,710*	*1,509,210*	*3,716,000*
Finance costs	*2,612,379*	*4,006,327*	*4,138,574*	*2,487,660*	*2,260,622*
Interest income	*(275,306)*	*(178,110)*	*(202,522)*	*(131,121)*	*(75,893)*
Fair value loss on investment in quoted shares	*-*	*-*	*636,022*	*10,531*	*217,050*
Depreciation	*2,612,114*	*3,067,379*	*4,494,046*	*2,406,453*	*3,016,611*
EBITDA	***35,989,593***	***39,272,174***	***26,885,341***	***11,538,689***	***22,337,093***

(2) Computed based on gross profit divided by revenue.

(3) Computed based on EBITDA divided by revenue.

(4) Computed based on PBT divided by revenue.

(5) For more information, see Section 12.2.11 of this Prospectus and Note 22 of the Accountants' Report included in Section 13 of this Prospectus.

(6) Computed based on PAT divided by revenue.

(7) Computed based on PAT divided by our enlarged issued Shares of 358,180,000 upon our Listing in each of the respective financial year/period.

Selected financial information from the historical combined statements of financial position

	As at 31 January			**As at 31 August**
	Audited			
	2019	**2020**	**2021**	**2021**
	RM	**RM**	**RM**	**RM**
Total non-current assets	39,125,719	47,208,644	56,197,987	62,898,092
Total current assets	211,464,527	202,202,060	225,366,145	246,149,998
Total assets	**250,590,246**	**249,410,704**	**281,564,132**	**309,048,090**
Total non-current liabilities	2,991,094	43,067,723	31,193,501	19,317,908
Total current liabilities	160,242,976	134,012,697	166,293,569	195,737,404
Total liabilities	**163,234,070**	**177,080,420**	**197,487,070**	**215,055,312**

	As at 31 January			As at 31 August
	Audited			
	2019	2020	2021	2021
	RM	RM	RM	RM
Net assets	**87,356,176**	**72,330,284**	**84,077,062**	**93,992,778**
Net current assets	51,221,551	68,189,363	59,072,576	50,412,594
Share capital	45,864,068	45,864,068	45,864,068	45,864,069
Revaluation reserve	5,550,782	5,550,782	6,563,220	6,453,833
Retained earnings	35,941,326	20,915,434	31,649,774	41,674,876
Total equity	**87,356,176**	**72,330,284**	**84,077,062**	**93,992,778**
Total borrowings	83,974,776	127,678,772	136,317,263	127,195,903
Net borrowings[(1)]	67,000,931	100,274,608	119,208,692	111,266,237
Gearing ratio[(2)] (times)	0.96	1.77	1.62	1.35
Net gearing ratio[(3)] (times)	0.77	1.39	1.42	1.18

Notes:

(1) Computed based on total borrowings less cash and bank balances as at the end of the year/period.

(2) Computed based on total borrowings divided by total equity as at the end of the year/period.

(3) Computed based on net borrowings (total borrowings less cash and bank balances) divided by total equity as at the end of the year/period.

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based on our combined financial information with respect to the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, which have been derived from the Accountants' Report as set out in Section 13 of this Prospectus.

There are no accounting policies which are peculiar to our Group because of the nature of the business and industry which we are involved in. For further details on the accounting policies of our Group, see Note 3 of the Accountants' Report as set out in Section 13 of this Prospectus.

12.2.1 Overview of our business

We are an EMS provider focusing on industrial electronic products. During the FYE 31 January 2020, we commenced the manufacturing of semiconductor components comprising multicomponent IC for IoT applications and the mass production of these semiconductor components commenced during the FYE 31 January 2021. The products that we manufacture are mainly for industrial use.

As an EMS provider, we offer a range of contract manufacturing services including engineering support services, prototyping, board assembly, mechanical assembly, testing, labelling, packaging and direct shipment fulfillment. We provide EMS services for PCBA, subassemblies, box build and system build products.

The majority of our manufacturing contracts are turnkey contracts where we are responsible for sourcing and procuring parts and components required to manufacture products as input materials, commonly from our customers' approved suppliers.

See Section 7 of this Prospectus for further details of our business.

12.2.2 Significant factors affecting our financial conditions and results of operations

Significant factors that had affected and are expected to continue to affect our financial condition and results of operations are as follows:

(a) Customers' demand for the provision of EMS

Our business performance is dependent on customers' demand for the provision of EMS which is based on purchase orders. In this respect, any reduction in the customers' purchase orders and/or non-renewal upon expiry or termination in supply agreement may adversely affect our business, financial condition and results of operations. This was demonstrated by our revenue for the FYE Under Review where our revenue experienced an increase of 8.7% for the FYE 31 January 2020 compared to the FYE 31 January 2019 and a decrease of 7.0% for the FYE 31 January 2021 compared to the FYE 31 January 2020 as a result of higher and lower customer orders, respectively. For the FPE 31 August 2021, our revenue increased by 7.8% compared to the FPE 31 August 2020 as a result of higher customer orders. See Section 12.2.5 for the year-on-year and period-on-period analysis of our revenue by products.

(b) Reliance on a small group of customers and our ability to retain our major customers

We are reliant on a small group of customers where the revenue from our top five (5) major customers accounted for 89.5%, 91.3%, 90.9% and 88.5% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively. We have agreements with our top five (5) major customers. The agreements enable the commencement of business relationship while setting out the general terms and conditions of our scope of services with their respective validity periods, excluding any minimum or exclusive purchase requirement. Purchase orders will be issued by our major customers pursuant to the agreements as and when they require the relevant electronic products to be supplied to them. The purchase orders are issued at our major customers' discretion and there can be no assurance that purchase orders will be issued during the validity periods of the agreements. Any significant reduction in sales from our major customers or the loss of any of our major customers, if not replaced, would materially and adversely affect our results of operations.

Nevertheless, we have established a strong relationship with our major customers over the years, spanning from 5 years to 24 years with a track record of meeting their requirements or quality standards throughout the years. During the FYE 31 January 2020, we also expanded our services into a new segment, namely semiconductor components manufacturing for multicomponent IC by entering into Customer F Electronics Manufacturing Services Agreement with Customer F. As part of our expansion plans, we envisage having a total of seven (7) production lines dedicated to semiconductor component manufacturing for Customer F by the end of 2023 to cater for its expected business growth and increased demand moving forward based on the mutual understanding in terms of the quantity they require and taking into consideration the prospect of the industry including the projected growth of the semiconductor and electronics market in the near term as set out in Section 8 of this Prospectus. We have maintained and will continuously strive to meet our customers' expectations by paying close attention to their feedback and working in tandem with their requirements to further improve the quality of its products and services. We believe our established track record provides us with the platform to continue addressing growth and opportunities within the electronics industry.

(c) We incur initial development cost in the products that we design and this may affect our profitability

We carry out product development including prototyping for our own design products. This requires us to incur initial product development costs including engineering and design support, material and labour cost, logistics cost, testing, production overhead for pilot production, and complying to regulatory standards and certifications. For the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, our initial product development cost was RM2.1 million, RM1.5 million, RM1.1 million and RM0.3 million, which represented 4.8%, 3.3%, 3.7% and 1.3% of our gross profit respectively. In the event that we are not successful in commercialising our new products, we would not be able to recover our product development costs.

(d) Our business is exposed to inventory risk

As an EMS provider, we are mostly responsible for the planning, sourcing and purchase of input materials including electronic components, electrical and mechanical parts, and consumables. We purchase input materials based on purchase orders, forecasts or expected orders provided by our customers.

In most situations, we plan and purchase input materials ahead of their usage based on 52-week rolling forecasts or purchase orders provided by customers. Prior to making purchases, we would normally obtain acknowledgements from our customers. In some situations, the required minimum purchase quantity may exceed our customers' forecasts or purchase orders. In the event that we face cancellations of purchase orders or purchase orders are lower than forecasts, and we are unable to obtain reimbursements for the unused materials or face delays in reimbursement, this may affect our operating financial results. This may cause us to write-off excess or unused stocks in due time, which will affect our working capital and financial condition.

For the FYE 31 January 2019, inventory of RM2.4 million was written off primarily due to materials for Customer B (RM0.4 million) and Customer D (RM2.0 million) that were kept for more than one year and thereafter were not required. Materials for Customer B was purchased in excess of Customer B's requirement and was not able to be used in the manufacturing of other products. Materials for Customer D was written off after consultation with Customer D as this was a one-off incident where we purchased the materials ahead to meet expected orders but due to unforeseen market circumstances, there were no forthcoming orders. There was no inventory written off for the FYEs 31 January 2020 and 31 January 2021, and FPE 31 August 2021.

Under normal business conditions, our inventory policy is based on regular interval reviews on a monthly basis where an appropriate amount of inventory is ordered after each review for adequacy and reasonable stock level.

Pursuant to the COVID-19 pandemic and disruption in the global supply chain including global shortages of semiconductors in 2020 and 2021, we carry out daily and weekly reviews to optimise production planning, procurement of materials and allocation of production facilities.

(e) Prolonged COVID-19 or any other contagious or virulent diseases

The spread or outbreak of the COVID-19 or any contagious or virulent diseases may potentially affect our business operations. If any of the employees in our manufacturing plant is infected with the COVID-19 or any contagious or virulent diseases, we may be required to temporarily shut down our operations for an uncertain period of time to contain the spread of such disease.

As part of the efforts to reduce and control the spread of COVID-19 in the country, the Government implemented several preventive measures including the MCO, commencing from 18 March 2020. Our manufacturing activities were suspended from 18 March 2020 for 5 days and were in partial operations for 37 days during the first MCO in March 2020. Since the resumption of our business on 24 March 2020, we continue to operate and take precautionary measures by adhering to the SOP issued by the Government during the impositions of the MCO measures including the CMCO and the RMCO in 2020 and reimpositions of the MCO up to 31 May 2021. Under Phase 1 of the NRP which commenced on 1 June 2021, the E&E manufacturing industry is regarded as essential service. In this respect our business operations continue to operate according to specified guidelines and the latest SOP since then.

Impact on our business, financial condition and results of operations for the FYE 31 January 2021

For the FYE 31 January 2021, we faced delays in obtaining certain input materials for our EMS operations as there were disruptions in the global supply chain arising from the COVID-19 pandemic. In addition, our EMS operations also experienced delays in fulfilment of sales orders to our customers due to the restrictions imposed by the Government during the MCO period. Upon the resumption of our manufacturing operations, we continue to take the necessary precautions while working under the various constraints imposed by the Government during the MCO as mentioned above.

Pursuant to the above business interruptions, our revenue from EMS business declined by 44.3% in the first quarter of the FYE 31 January 2021 compared to the fourth quarter of the previous financial year. During the first quarter of the FYE 31 January 2021, we experienced a temporary suspension of our EMS operations by five (5) days with partial operations for 37 days during the MCO period. In this respect, our manufacturing operations were affected in the first half of the year due to MCO restrictions and disruption in the supply of materials arising from the COVID-19 pandemic. In this respect, the manufacturing activities in the second half of year was higher to make up for lost time from the lower manufacturing activity in the first half of the year.

Our financial performance was further affected as we continued to incur factory overhead and administrative expenses including staff cost, depreciation expenses, finance cost as well as other administrative costs. We also incurred additional medical cost for testing of our staff and factory workers. For the FYE 31 January 2021, medical and related costs incurred was RM0.2 million including COVID-19 tests cost. Although we have resumed full operations since 29 April 2020 for the FYE 31 January 2021, our revenue and profitability for the FYE 31 January 2021 were impacted due to interruptions in our operations as mentioned above. Our revenue decreased by 7.0% or RM27.1 million and PBT decreased by 45.0% or RM14.6 million for the FYE 31 January 2021.

Impact on our business, financial condition and results of operations for the FYE 31 January 2022

Pursuant to the FMCO that started on 1 June 2021, we continue to operate according to specified guidelines and the latest SOP where our business operations operate at 60% capacity of workforce during Phase 1 of the NRP. Our EMS operations were affected due to the restrictions imposed during the FMCO period, which resulted in delays in the fulfilment of sales orders to our customers.

Impact on our supply chain

For the FYE 31 January 2021 and FPE 31 August 2021, we faced delays in obtaining certain input materials, mainly PCB, capacitors, inductors, plastic components and metal parts from our suppliers as there were disruptions in the global supply chain. Consequently, we had to delay the fulfilment of sales orders to our customers for the FYE 31 January 2021 and FPE 31 August 2021.

According to the IMR, during the second quarter of 2021, the global E&E sector continued to experience a shortage of semiconductor due to the increase in demand for electronic products caused by the COVID-19 pandemic as well as the increased use of semiconductors in automobiles.

In this respect, our business is susceptible to any outbreaks of diseases affecting Malaysia including global pandemics that cause interruptions in our business operations, which are beyond our control, and which will adversely affect our business and financial performance. For further details, see Section 5 of this Prospectus. Since March 2020 and up to the LPD, 234 of our employees from our head office and manufacturing plant were tested positive for COVID-19. For further details, see Section 7.16 of this Prospectus.

Although the various MCO measures are temporary in nature, if the outbreak of COVID-19 in Malaysia is worsen or prolonged, depending on the tightening or relaxation of any preventive measures or SOP by the Government, we may not able to carry out our business activities and this would affect the schedule of delivery as agreed with our customers.

In addition, we may also face delays in implementing our on-going and future expansion plan including the installation of new production lines and completion of on-going construction of the new manufacturing plant by end of 2021 and capital expenditure in accordance with the expected timeline as set out in Section 7.4 of this Prospectus, due to the COVID-19 pandemic. Failure to implement our business strategies in a timely manner may adversely affect our future business and financial performance.

(f) Government/economic/fiscal/monetary policies

Our business is subject to risks relating to government, economic, fiscal or monetary policies in Malaysia and in the countries in which we serve. Any unfavourable changes in such government policies, economic conditions, or fiscal or monetary policies may materially affect our operations in Malaysia. For further details, see Section 5 of this Prospectus.

12.2.3 Significant accounting estimates and judgements

The preparation of financial statements requires our management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

(a) Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amount recognised in the financial statements as disclosed in Section 13 of this Prospectus.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Revaluation of PPE

We measured the land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. We engaged an independent valuer to determine the fair value as at the end of reporting period for the FYE Under Review. The carrying amount of the land and buildings as at the end of said reporting period and the relevant revaluation bases and fair value, are as disclosed in Note 4 of the Accountants' Report in Section 13 of this Prospectus.

(ii) Inventories

Our inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, our management takes into account the most reliable evidence available at the time the estimate is made. Possible changes in these estimates could result in revisions to the valuation of inventories.

(iii) Provision for expected credit losses of trade receivables and contract assets

We use a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar credit risk characteristics.

The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. See Note 28.3 of the Accountants' Report in Section 13 of this Prospectus for further details of the expected credit losses.

12.2.4 Overview of our results of operations

For the FYE Under Review and FPE 31 August 2021, our revenue was derived from the provision of EMS for industrial electronic products. During the FYE 31 January 2020, we commenced the manufacturing of semiconductor components in the form of multicomponent IC for IoT applications and the mass production of these semiconductor components commenced during the FYE 31 January 2021.

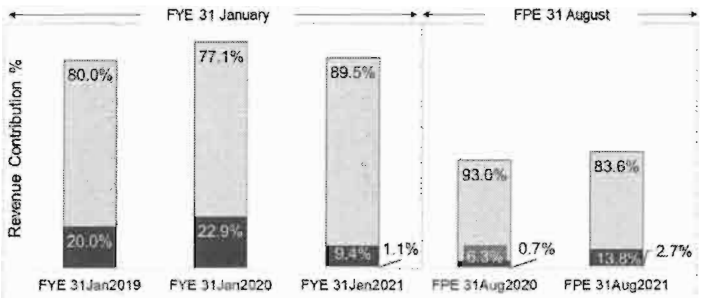
Revenue from the sale of manufactured goods is recognised at the point when control over the goods has been transferred to our customers upon our customers' acceptance for the delivery of the goods. Accordingly, revenue from the sales of communication devices and accessories is recognised upon delivery to customers' designated hub and all other form of sales is recognised based on the issuance of invoice after the delivery of goods to destination points. Invoices for hub sales are issued when the goods are picked up by the customer or within 60 days from the date of delivery to customers' designated hub (regardless of whether the goods are picked up by the customer), whichever is earlier.

For the FYE Under Review and FPE 31 August 2021, products sold to multinational companies located in Malaysia were mainly transacted in USD, while products sold to multinational companies in foreign countries were priced and transacted in various foreign currencies including USD and EUR.

Between the FYE 31 January 2019 and 2021, our revenue increased at a CAGR of 0.6%, from RM358.2 million from the FYE 31 January 2019 to RM362.2 million from the FYE 31 January 2021.

For the FYE 31 January 2021 and FPE 31 August 2021, revenue from EMS for communications and IoT products represented RM324.1 million (89.5%) and RM167.17 million (83.6%) of our revenue respectively, comprising the following:

Figure 12.1 Revenue by Products



	FYE 31 January			FPE 31 August	
Provision of EMS	**2019** ***RM'000***	**2020** ***RM'000***	**2021** ***RM'000***	**2020** ***RM'000***	**2021** ***RM'000***
Communications and IoT products	286,411	300,206	324,063	172,623	167,166
Electronic devices	71,760	89,098	34,099	11,706	27,568
Semiconductor components	-	1	4,003	1,287	5,304
Total Revenue	**358,171**	**389,305**	**362,165**	**185,616**	**200,038**

- subassemblies for communication devices and accessories; and

- box build for communication devices and accessories and IoT devices and system build for train communication systems.

For the FYE 31 January 2021 and FPE 31 August 2021, revenue from EMS for electronic devices which includes telematic instrumentation, power and energy management and control devices, and optoelectronics devices, accounted for RM34.1 million (9.4%) and RM27.6 million (13.8%) of our revenue respectively.

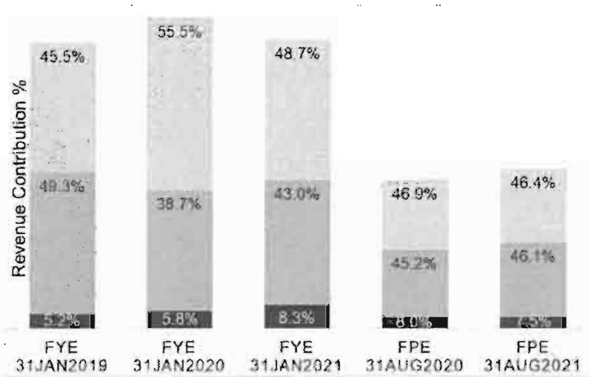
Revenue from our new segment, EMS for semiconductor components which includes multicomponent IC, namely communication IoT modules remains small as we only commenced prototyping in the second half of the FYE 31 January 2020. For the FYE 31 January 2021 and FPE 31 August 2021, revenue from this new segment was RM4.0 million and RM5.3 million respectively.

See Section 12.2.5 of this Prospectus for the year-on-year and period-on-period analysis of revenue by products.

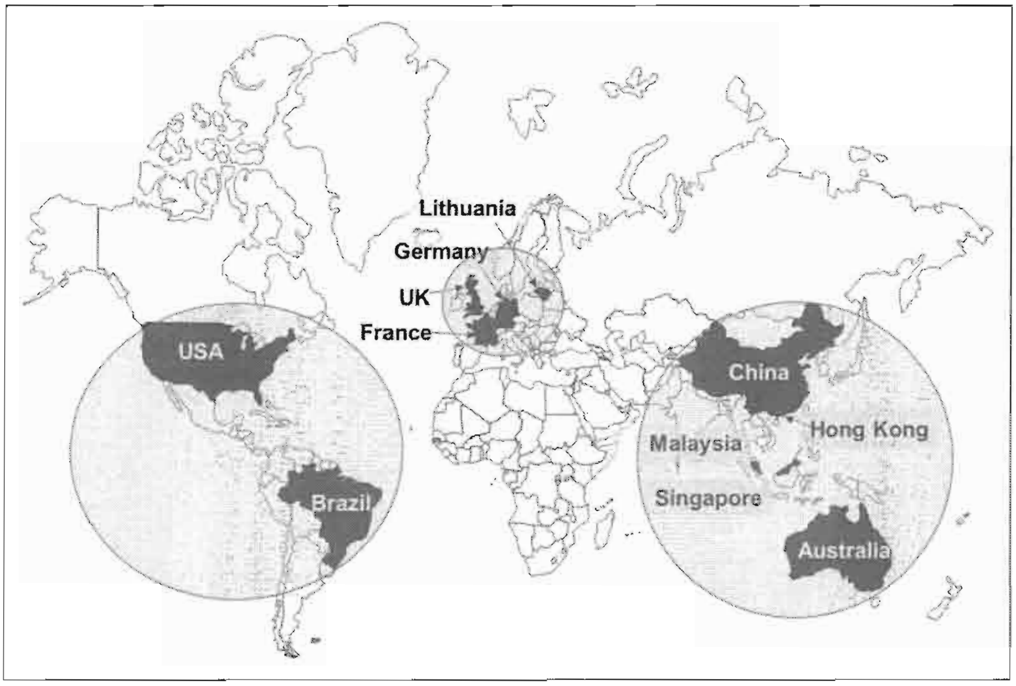
We have successfully gained access to both local as well as foreign markets and this is supported by our customer base which is spread across 11 countries (as shown below) covering Asia Pacific, Americas and Europe for the FYE Under Review and FPE 31 August 2021.

Revenue contribution from our top three countries, namely the USA, Malaysia and Singapore, collectively accounted for 93.6%, 92.7%, 89.3% and 88.5% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Figure 12.2 Revenue by Geographical Markets



	FYE 31 January			FPE 31 August	
Revenue by regions	**2019** ***RM'000***	**2020** ***RM'000***	**2021** ***RM'000***	**2020** ***RM'000***	**2021** ***RM'000***
Asia Pacific	162,895	216,018	176,305	86,975	92,909
Americas	176,711	150,852	155,856	83,880	92,174
Europe	18,565	22,435	30,004	14,759	14,955
Total Revenue	**358,171**	**389,305**	**362,165**	**185,614**	**200,038**



See Sections 7.1.2 and 12.2.5 of this Prospectus for the breakdown of our revenue by geographical markets.

12. FINANCIAL INFORMATION *(Cont'd)*

12.2.5 Revenue

(i) Revenue segmented by products

	FYE 31 January						FPE 31 August			
	2019		2020		2021		2020		2021	
Revenue	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
EMS for industrial electronic products										
Communications and IoT products	286,411	80.0	300,206	77.1	324,063	89.5	172,623	93.0	167,166	83.5
Electronic devices	71,760	20.0	89,098	22.9	34,099	9.4	11,706	6.3	27,568	13.8
Semiconductor components	-	-	1	*	4,003	1.1	1,287	0.7	5,304	2.7
Total	**358,171**	**100.0**	**389,305**	**100.0**	**362,165**	**100.0**	**185,616**	**100.0**	**200,038**	**100.0**

* *Less than 0.1%.*

12. FINANCIAL INFORMATION *(Cont'd)*

(ii) Revenue segmented by geographical markets

	FYE 31 January						FPE 31 August			
	2019		2020		2021		2020		2021	
Revenue	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Asia Pacific										
Malaysia	111,820	31.2	133,345	34.3	142,707	39.4	74,151	39.9	65,156	32.6
Singapore	47,603	13.3	76,796	19.7	24,972	6.9	9,086	4.9	19,622	9.8
Australia	1,787	0.5	2,979	0.8	225	0.1	180	0.1	259	0.1
Hong Kong	882	0.2	1,757	0.4	7,971	2.2	3,267	1.7	7,338	3.7
China	803	0.2	1,141	0.3	430	0.1	290	0.2	534	0.2
Sub-total	**162,895**	**45.4**	**216,018**	**55.5**	**176,305**	**48.7**	**86,974**	**46.8**	**92,909**	**46.4**
Americas										
USA	175,805	49.1	150,487	38.7	155,641	43.0	83,724	45.1	92,174	46.1
Brazil	906	0.3	365	*	215	*	156	0.1	-	-
Sub-total	**176,711**	**49.4**	**150,852**	**38.7**	**155,856**	**43.0**	**83,880**	**45.2**	**92,174**	**46.1**
Europe										
Germany	15,131	4.2	18,544	4.8	23,548	6.5	11,862	6.4	9,763	4.9
UK	3,434	1.0	3,753	1.0	2,208	0.6	1,459	0.8	-	-
Lithuania	-	-	127	*	2,231	0.6	1,427	0.8	1,808	0.9
France	-	-	11	*	2,017	0.6	12	*	3,384	1.7
Sub-total	**18,565**	**5.2**	**22,435**	**5.8**	**30,004**	**8.3**	**14,760**	**8.0**	**14,955**	**7.5**
Total	**358,171**	**100.0**	**389,305**	**100.0**	**362,165**	**100.0**	**185,616**	**100.0**	**200,038**	**100.00**

* *Less than 0.1%.*

(a) FYE 31 January 2020 compared to FYE 31 January 2019

Our revenue increased by RM31.1 million or 8.7% from RM358.2 million for the FYE 31 January 2019 to RM389.3 million for the FYE 31 January 2020. This was mainly attributed to the provision of EMS for the following products:

- Revenue from electronic devices increased by RM17.3 million or 24.1% from RM71.8 million for the FYE 31 January 2019 to RM89.1 million for the FYE 31 January 2020, mainly due to higher orders from Customer D for telematic instrumentation devices. Revenue from this product increased by RM31.8 million or 64.8% from RM49.1 million for the FYE 31 January 2019 to RM80.9 million for the FYE 31 January 2020 with sales volume of telematic instrumentation devices increasing by 29.7% for the FYE 31 January 2020.

  However, the increase in revenue from electronic devices was partially offset by a decrease in revenue from the sale of power and energy management and control devices for alternating current to direct current power converter by RM14.3 million or 86.7% from RM16.5 million for the FYE 31 January 2019 to RM2.2 million for the FYE 31 January 2020. The decline was due to no purchase order from a customer for the FYE 31 January 2020 and we have not provided EMS services to the said customer since then.

- Revenue from communication and IoT products increased by RM13.8 million or 4.8% from RM286.4 million for the FYE 31 January 2019 to RM300.2 million for the FYE 31 January 2020. We received higher customer orders from Customer A, Customer B and Customer E for communication devices and accessories pertaining to subassemblies and box build communication devices and accessories for the FYE 31 January 2020 where our revenue from these products increased by RM29.2 million or 14.0% from RM208.7 million for the FYE 31 January 2019 to RM237.9 million for the FYE 31 January 2020 with sales volume of these communication devices and accessories increasing by 11.2% for the FYE 31 January 2020.

  However, the increase in revenue from communication devices and accessories was partially offset by a decrease in revenue from Customer C for IoT devices which are used in asset monitoring and tracking applications by RM15.4 million or 19.8% from RM77.7 million for the FYE 31 January 2019 to RM62.3 million for the FYE 31 January 2020 as we received lower customer orders for the IoT devices with sales volume of these IoT devices declining by 15.8% for the FYE 31 January 2020.

For the FYE 31 January 2020, we expanded our services into a new segment, namely semiconductor components manufacturing for multicomponent IC which is an electronic part used in the manufacturing of electronic devices. The revenue contribution from this new segment represents less than 0.1% of our revenue for the FYE 31 January 2020. Nevertheless, since the commencement of the manufacturing of semiconductor components in the FYE 31 January 2020 and up to the FPE 31 August 2021, a total of 3.0 million pieces of multicomponent IC have been manufactured and delivered to Customer F.

(b) FYE 31 January 2021 compared to FYE 31 January 2020

Our revenue decreased by RM27.1 million or 7.0% from RM389.3 million for the FYE 31 January 2020 to RM362.2 million for the FYE 31 January 2021. This was mainly due to the decrease in revenue from the electronic devices segment.

Revenue from electronic devices decreased by RM55.0 million or 61.7%, from RM89.1 million for the FYE 31 January 2020 to RM34.1 million for the FYE 31 January 2021. This was mainly due to lower customer orders from Customer D for telematic instrumentation devices where revenue from this product decreased by RM52.3 million from RM80.9 million for the FYE 31 January 2020 to RM28.6 million for the FYE 31 January 2021 with sales volume of telematic instrumentation devices decreasing by 53.7% for the FYE 31 January 2021.

The decline in revenue from electronic devices was partially offset by the increase in revenue from the following product segments:

- Revenue from communication and IoT products increased by RM23.9 million or 8.0% from RM300.2 million for the FYE 31 January 2020 to RM324.1 million for the FYE 31 January 2021. We received higher customer orders from Customer A, Customer B and Customer E for communication devices and accessories pertaining to subassemblies and box build communication devices and accessories where our revenue increased by RM20.6 million or 8.7% from RM237.9 million for the FYE 31 January 2020 to RM258.5 million for the FYE 31 January 2021 with sales volume of these products also increasing by 10.0% for the FYE 31 January 2021.

- Revenue from semiconductor components manufacturing, namely multicomponent IC, increased from RM1,000 for the FYE 31 January 2020 to RM4.0 million for the FYE 31 January 2021 as a result of higher orders for multicomponent IC received from Customer F for the financial year as we commenced mass production of the multicomponent IC in 2020 subsequent to the pilot production in the FYE 31 January 2020.

(c) FPE 31 August 2021 compared to FPE 31 August 2020

Our revenue increased by RM14.4 million or 7.8% to RM200.0 million for the FPE 31 August 2021 compared to RM185.6 million for the FPE 31 August 2020. This was mainly due to the increase in revenue from the electronic devices segment as well as the semiconductor components segment.

Revenue from electronic devices increased by RM15.9 million or 135.5% to RM27.6 million for the FPE 31 August 2021 compared to RM11.7 million for the FPE 31 August 2020. This was mainly due to higher customer orders from Customer D for telematic instrumentation devices where revenue from this product increased by RM13.3 million to RM22.8 million for the FPE 31 August 2021 compared to from RM9.5 million for the FPE 31 August 2020 where the sales volume of telematic instrumentation devices increased by 97.4% for the FPE 31 August 2021.

The growth was also contributed by an increase in revenue from semiconductor components manufacturing by RM4.0 million or 312.1% to RM5.3 million for the FPE 31 August 2021 compared to RM1.3 million for the FPE 31 August 2020. This was contributed by higher orders for multicomponent IC received from Customer F which was also supported by an increase in production capacity by 104.5% to 765 million placement points for the FPE 31 August 2021 compared to 374 million placement points for the FPE 31 August 2020.

The increase in revenue from electronic devices and semiconductor components segments was partially offset by the decrease in revenue from the communication and IoT products segment by RM5.5 million or 3.2% to RM167.2 million for the FPE 31 August 2021 compared to RM172.6 million for the FPE 31 August 2020. This was mainly contributed by the decrease in revenue from Customer A, Customer B and Customer E for communication devices and accessories pertaining to subassemblies and box build communication devices and accessories for the FPE 31 August 2021 where revenue from these products decreased by RM24.9 million or 17.7% to RM115.7 million for the FPE 31 August 2021 compared to RM140.5 million for the FPE 31 August 2020 as we experienced lower delivery in fulfilling orders of these customers with sales volume declining by 11.4% for the FPE 31 August 2021. This was impacted by the FMCO and restrictions imposed during the NRP Phase 1 period coupled with the increase in positive COVID-19 cases amongst our staff between July and August 2021, which have resulted in disruptions of operations due to staffing and allocation of workers.

The decrease in revenue from these products was partially offset by an increase in revenue from Customer C for IoT devices which are used in asset monitoring and tracking applications by RM19.0 million or 62.4% to RM49.5 million for the FPE 31 August 2021 compared to RM30.5 million for the FPE 31 August 2020 with sales volume of these IoT devices increasing by 30.5% for the FPE 31 August 2021.

12.2.6 Cost of sales

	FYE 31 January						FPE 31 August			
Cost of sales	**2019**		**2020**		**2021**		**2020**		**2021**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Materials	271,872	86.2	297,144	86.6	285,251	85.9	147,541	85.5	147,375	84.0
Labour	32,176	10.2	34,757	10.1	33,442	10.1	17,636	10.2	19,902	11.3
Other costs(1)	11,336	3.6	11,199	3.3	13,399	4.0	7,366	4.3	8,251	4.7
Total	**315,384**	**100.0**	**343,100**	**100.0**	**332,092**	**100.0**	**172,543**	**100.0**	**175,528**	**100.0**

Note:

(1) Includes mainly factory overheads such as water and utility costs, depreciation costs, transportation and handling costs, upkeep and maintenance of plant and machinery.

Cost of sales by products

	FYE 31 January						FPE 31 August			
	2019		**2020**		**2021**		**2020**		**2021**	
Cost of sales	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
EMS	**313,325**	**99.3**	**341,584**	**99.6**	**330,975**	**99.7**	**171,924**	**99.6**	**175,204**	**99.8**
• Communications and IoT products	255,053	80.9	279,266	81.4	299,870	90.3	158,789	92.0	150,418	85.7
• Electronic devices	58,272	18.4	61,303	17.9	26,898	8.1	11,272	6.5	22,503	12.8
• Semiconductor components	-	-	1,015 (2)	0.3	4,207	1.3	1,863	1.1	2,283	1.3
Others(1)	**2,059**	**0.7**	**1,516**	**0.4**	**1,117**	**0.3**	**619**	**0.4**	**324**	**0.2**
Total	**315,384**	**100.0**	**343,100**	**100.0**	**332,092**	**100.0**	**172,543**	**100.0**	**175,528**	**100.0**

Notes:

(1) Refers to development cost incurred during the initial product development phase for new products including engineering and design support, material and labour cost, logistics cost, testing as well as production overhead for pilot production. There was no corresponding revenue generated during the initial product development phase.

(2) Refers to development cost incurred during the initial product development phase which includes material and labour costs as well as production overhead for the pilot production.

(a) Materials for EMS operations

The cost of sales of materials for our EMS operations mainly consists of semiconductor and electronic components, as well as electrical, mechanical and related parts, as follows:

- Semiconductor and electronic components consist of flexible and rigid PCB, IC and discrete components including diodes, transistors, rectifiers, LED, optocoupler/optoisolator, and passive components such as resistors, capacitors, thermistors, varistors and inductors. These input materials are mainly used during the SMT assembly process, where the IC and discrete components will be mounted onto the PCB.

- Electrical, mechanical and related parts include the following:

  - Electrical connectors refer to d-sub connectors and jack screws;

  - Electromechanical components refer to magnets, coils, transformers, adaptors, switches and antennas;

  - Acoustic parts include microphones, speakers and receivers;

  - Mechanical parts mainly include plastic enclosure and parts, metal parts, rubber parts and aluminium die-casting parts;

  - Cables and wires;

  - Subassembly refers to semi-finished parts such as cable attached with connectors which are mainly used for box build finished products;

  - Fasteners, crystal filters, labelling materials, solder paste and wire, chemicals, and switches.

These materials were mainly used for our subassemblies, and box build and system build finished products including routing of cables and harnesses assembly, simple enclosure assembly with displays or interfaces, and final product packing.

For the FYE 31 January 2020, the cost of materials increased by RM25.3 million or 9.3% which was in tandem with the increase in our revenue of 8.7% in the corresponding financial year, mainly contributed by higher customer orders for communication products and electronic devices as further explained in Section 12.2.5(a) of this Prospectus. Communication products include subassemblies and box build communication devices and accessories, while electronic devices include telematic instrumentation devices.

For the FYE 31 January 2021, the cost of sales of materials decreased by RM11.9 million or 4.0% which was in line with the decrease in our revenue of 7.0% in the corresponding financial year, mainly due to lower customer orders for electronic devices relating to telematic instrumentation devices as explained in Section 12.2.5(b) of this Prospectus.

For the FPE 31 August 2021, the cost of sales of materials decreased by RM0.2 million or 0.1% which was in line with the decrease in revenue of 3.2% communication products segment, mainly due to lower delivery in fulfilling the orders of Customer A, Customer B and Customer E comprising communication devices and accessories pertaining to subassemblies and box build communication devices and accessories as explained in Section 12.2.5(c) of this Prospectus.

(b) Labour cost

Labour cost consists of the following:

- direct labour which includes supervisors and quality control personnel, and production floor workers;
- engineering and design support team comprising electronic, electrical and mechanical engineers and technical staff;
- supply chain management team;
- product development team; and
- test system engineering staff.

For the FYE 31 January 2020, labour cost increased by RM2.6 million or 8.0% from RM32.2 million for the FYE 31 January 2019 to RM34.8 million, mainly due to the increase in number of production floor workers mainly for the electronic devices segment and the upward adjustments in wages and salaries for factory staff including supervisors, quality assurance and production floor workers in line with the increase in minimum wages.

For the FYE 31 January 2021, labour cost declined by RM1.3 million or 3.8% from RM34.8 million for the FYE 31 January 2020 to RM33.4 million, mainly due to a subsidy received amounting to RM1.3 million under the wage subsidy programme.

For the FPE 31 August 2021, labour cost increased by RM2.3 million or 12.8% to RM19.9 million compared to RM17.6 million for the FPE 31 August 2020. This was mainly attributed to the increase in the number of production floor workers mainly for telematic instrumentation devices and IoT devices.

(c) Other costs

Other costs comprise mainly factory overheads such as water and utility costs, depreciation costs, transportation and handling costs, upkeep and maintenance of plant and machinery.

For the FYE 31 January 2020, other costs decreased by RM0.1 million or 1.2% which was mainly due to a decrease in transportation cost, commission paid to a sales agent in USA and upkeep costs incurred for plant and equipment.

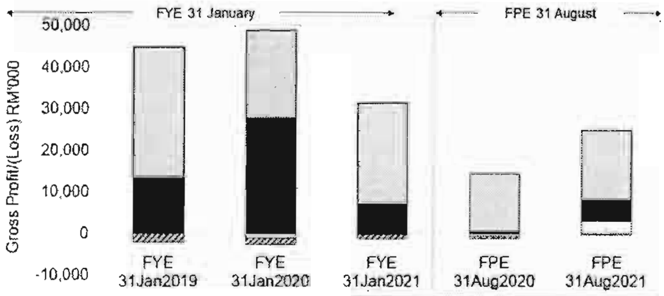
For the FYE 31 January 2021, other costs increased by RM2.2 million or 19.6% which was mainly due to the increase in depreciation of plant and machinery and freight cost.

For the FPE 31 August 2021, other costs increased by RM0.9 million or 12.0% which was mainly due to the increase in depreciation of plant and machinery and freight cost.

12.2.7 Our gross profit performance

Our gross profit decreased from RM42.8 million for the FYE 31 January 2019 to RM30.1 million for the FYE 31 January 2021, representing a decline at an average annual rate of 16.2% over the same period.

Our overall gross profit margin declined from 11.9% for the FYE 31 January 2019 to 8.3% for the FYE 31 January 2021.



	FYE 31 January			FPE 31 August	
	2019 *RM'000*	2020 *RM'000*	2021 *RM'000*	2020 *RM'000*	2021 *RM'000*
Provision of EMS	**44,846**	**47,721**	**31,191**	**13,693**	**24,833**
Communications and IoT products	31,358	20,940	24,193	13,834	16,747
Electronic devices	13,488	27,795	7,201	434	5,065
Semiconductor components	-	(1,014)	(203)	(575)	3,021
Others [(1)]	**(2,059)**	**(1,516)**	**(1,118)**	**(619)**	**(324)**
Total Gross Profit	**42,787**	**46,205**	**30,073**	**13,074**	**24,509**

Note: (1) Refers to product development cost incurred for new products and/or new customers

For the FPE 31 August 2021, our gross profit increased by RM11.4 million or 87.5% to RM24.5 million compared to RM13.1 million for the FPE 31 August 2020. Our overall gross profit margin improved to 12.3% for the FPE 31 August 2021 compared to 7.0% for the FPE 31 August 2020.

Performance of our gross profit margin are influenced by, among others, the following factors:

- Customer demand and sales volume for the provision of EMS for industrial electronic products;
- Changes in customer demand which affects our product mix and volume and operational efficiency;
- Interruptions in the supply of input materials and other supply chain constraints which may affect our production lead time as well as operational disruptions and inefficiencies resulting from, among others, external factors such as MCO and COVID-19 pandemic conditions;
- Some of the increases in input material costs that cannot be passed on to customers arising from shortages and increase in freight and/or shipping costs due to global supply chain disruptions;
- Ability to ramp up manufacturing operations with the aim of meeting increasing customer demand in a timely manner;
- Impact of foreign exchange fluctuations. Our revenue and purchases in USD are naturally hedged as the bulk of transactions are conducted in USD and we maintain USD bank accounts and borrowings in USD for our business operations. Nevertheless, in the event of any unfavourable movements or fluctuations in foreign exchange, this may materially affect our financial performance due to the different timing of our purchases and revenue; and
- Initial product development costs which included investment in necessary resources such as materials, direct labour, tools, jigs and fixtures.

12. FINANCIAL INFORMATION *(Cont'd)*

(i) Gross profit and gross profit margin segmented by business activities and products

	FYE 31 January								
	2019			2020			2021		
	Gross profit	%	Gross profit margin	Gross profit	%	Gross profit margin	Gross profit	%	Gross profit margin
	RM'000		%	RM'000		%	RM'000		%
EMS									
Communications and IoT products	31,358	73.3	10.9	20,940	45.3	7.0	24,193	80.5	7.5
Electronic devices	13,488	31.5	18.8	27,795	60.2	31.2	7,201	23.9	21.1
Semiconductor components	-	-	-	(1,014)	(2.2)	#	(203)	(0.7)	(5.1)
Sub-total	**44,846**	**104.8**	**12.5**	**47,721**	**103.3**	**12.3**	**31,191**	**103.7**	**8.6**
Others (1)	(2,059)	(4.8)	n.c	(1,516)	(3.3)	n.c	(1,118)	(3.7)	n.c
Total	**42,787**	**100.0**	**11.9**	**46,205**	**100.0**	**11.9**	**30,073**	**100.0**	**8.3**

Notes:

n.c = not computable.

\# *In the FYE 31 January 2020, we commenced pilot production of semiconductor components, namely multicomponent IC progressively since the commencement of the initial product development phase. By January 2020, we delivered a total of 472 pieces of multicomponent IC to the customer. During the pilot production, there was a minimal revenue of RM1,000 recorded for the FYE 31 January 2020 with a gross loss of RM1.0 million and a gross loss margin for the FYE 31 January 2020. The gross loss was mainly attributed to the development cost incurred during the initial product development phase which includes material and labour costs as well as production overhead for the pilot production. For the FYE 31 January 2021, there was a gross loss of RM0.2 million as we still incurred engineering support cost for the pilot production of new models of multicomponent IC.*

(1) Refers to development cost incurred during the initial product development phase for new products including engineering and design support, material and labour cost, logistics cost, testing as well as production overhead for pilot production. There was no corresponding revenue generated during the initial product development phase. The development cost incurred in the FYE 31 January 2020 and FYE 31 January 2021 was mainly the cost incurred for the design of lithium-ion battery pack for light vehicles, a new product.

	FPE 31 August					
	2020			2021		
	Gross profit	**%**	**Gross profit margin**	**Gross profit**	**%**	**Gross profit margin**
	RM'000		**%**	**RM'000**		**%**
EMS						
Communications and IoT products	13,834	105.8	8.0	16,747	68.3	10.0
Electronic devices	434	3.3	3.7	5,065	20.7	18.4
Semiconductor components	(575)	(4.4)	(44.7)	3,021	12.3	57.0
Sub-total	**13,693**	**104.7**	**7.4**	**24,833**	**101.3**	**12.4**
Others [(1)]	(619)	(4.7)	n.c	(324)	(1.3)	n.c
Total	**13,074**	**100.0**	**7.0**	**24,509**	**100.0**	**12.3**

Note:

(1) *Refers to development cost incurred during the initial product development phase for new products including engineering and design support, material and labour cost, logistics cost, testing as well as production overhead for pilot production. There was no corresponding revenue generated during the initial product development phase. The development cost incurred in the FPE 31 August 2020 and FPE 31 August 2021 was mainly the cost incurred for the design of lithium-ion battery pack for light vehicles, a new product.*

12. FINANCIAL INFORMATION *(Cont'd)*

(ii) Gross profit and gross profit margin segmented by geographical markets

	FYE 31 January								
	2019			2020			2021		
	Gross profit	%	Gross profit margin	Gross profit	%	Gross profit margin	Gross profit	%	Gross profit margin
	RM'000		%	RM'000		%	RM'000		%
Asia Pacific	17,869	41.8	11.0	31,366	67.9	14.5	13,722	45.6	7.8
Americas	23,956	56.0	13.6	13,846	30.0	9.2	15,454	51.4	9.9
Europe	962	2.2	5.2	993	2.1	4.4	897	3.0	3.0
Total (save for gross profit margin)	**42,787**	**100.0**	**11.9**	**46,205**	**100.0**	**11.9**	**30,073**	**100.0**	**8.3**

	FPE 31 August					
	2020			2021		
	Gross profit	%	Gross profit margin	Gross profit	%	Gross profit margin
	RM'000		%	RM'000		%
Asia Pacific	5,146	39.3	5.9	11,853	48.4	12.8
Americas	7,084	54.2	8.4	12,114	49.4	13.1
Europe	844	6.5	5.7	542	2.2	3.6
Total (save for gross profit margin)	**13,074**	**100.0**	**7.0**	**24,509**	**100.0**	**12.3**

(a) FYE 31 January 2020 compared to FYE 31 January 2019

Our gross profit increased by RM3.4 million or 8.0% for the FYE 31 January 2020 but the gross profit margin remained at 11.9% for the FYE 31 January 2020 which was mainly due to the increase in gross profit and gross profit margin from the electronic devices segment.

The increase in gross profit from electronic devices of RM14.3 million or 106.1% for the FYE 31 January 2020 was mainly due to higher customer orders for the telematic instrumentations devices which is in tandem with the increase in our revenue derived from this type of product by 24.2% for the FYE 31 January 2020.

Similarly, there was an improvement in the gross profit margin for electronic devices segment from 18.8% for the FYE 31 January 2019 to 31.2% for the FYE 31 January 2020. This was mainly contributed by increased sales volume of high value products sold that include testing of PCBA as an additional work stream performed for a customer.

However, the increase in gross profit from electronic devices segment was partially offset by the decrease in gross profit from the communications and IoT products segment. The gross profit from communications and IoT products decreased by RM10.4 million or 33.2% for the FYE 31 January 2020, affected by lower customer orders for IoT devices, in line with the decrease in revenue from this type of device by 19.9% for the FYE 31 January 2020. For further details of the analysis of revenue, See Section 12.2.5(a) of this Prospectus.

Similarly, there was a decline in gross profit margin for the communications and IoT products segment from 10.9% for the FYE 31 January 2019 to 7.0% for the FYE 31 January 2020, mainly contributed by a lower production output of IoT devices which resulted in an increase in unit manufacturing cost arising from higher unit material cost for the FYE 31 January 2020, which increased by 5.6% compared to the FYE 31 January 2019.

(b) FYE 31 January 2021 compared to FYE 31 January 2020

Our gross profit decreased by RM16.1 million or 34.9% for the FYE 31 January 2021. Similarly, our gross profit margin declined from 11.9% for the FYE 31 January 2020 to 8.3% for the FYE 31 January 2021, mainly due to the decrease in gross profit from the electronic devices segment.

Gross profit for electronic devices segment decreased by RM20.6 million or 74.1%, for the FYE 31 January 2021. This was mainly due to lower customer orders for telematic instrumentation devices with sales volume of telematic instrumentation devices decreasing by 53.7% for the FYE 31 January 2021. This was also reflected in the decrease in our revenue by 64.7% for this type of product for the FYE 31 January 2021.

Similarly, gross profit margin for electronic devices decreased from 31.2% for the FYE 30 January 2020 to 21.1% for the FYE 31 January 2021 mainly due to the decline in the gross profit margin from telematic instrumentation devices as a result of lower production output which had resulted in an increase in unit manufacturing cost arising from production overhead cost for the FYE 31 January 2021. This also resulted in a larger decline in revenue as compared to cost of sales for electronic devices, which ultimately contributed to a lower gross profit margin for our Group for the FYE 31 January 2021.

The decrease in our gross profit from electronic devices segment was partially offset by the improvement in gross profit from the communications and IoT products segment. Gross profit from communications and IoT products increased by RM3.3 million or 15.5% for the FYE 31 January 2021. This was mainly contributed by the growth in communication devices and accessories pertaining to subassemblies and box build communication devices and accessories which reflected the increase in revenue for this type of product by 8.7% for the FYE 31 January 2021.

Similarly, there was an improvement in gross profit margin for communications and IoT products from 7.0% for the FYE 31 January 2020 to 7.5% for the FYE 31 January 2021. This was mainly contributed by an improvement in the gross profit margin for communication devices and accessories where we were able to derive economies of scale and achieve lower unit manufacturing cost for the FYE 31 January 2021 due to increase in production volume.

(c) FPE 31 August 2021 compared to FPE 31 August 2020

Our gross profit increased by RM11.4 million or 87.5% for the FPE 31 August 2021 and our gross profit margin also improved to 12.3% for the FPE 31 August 2021 compared to 7.0% for the FPE 31 August 2020. This was mainly due to the improvement in gross profit and gross profit margin from the electronic devices segment, semiconductor components segment and communications and IoT products segment.

The increase in gross profit from electronic devices of RM4.6 million or 1,067.1% for the FPE 31 August 2021 was mainly due to higher customer orders for the telematic instrumentations devices which is in tandem with the increase in our revenue derived from this type of product by 139.1%. Similarly, there was an improvement in the gross profit margin for electronic devices segment to 18.4% for the FPE 31 August 2021 compared to 3.7% for the FPE 31 August 2020. This was mainly due to the increase in sales volume of high value products sold that include testing of products as an additional work stream performed for a customer.

In addition, there was an increase in gross profit from communications and IoT products segment by RM2.9 million or 21.1%. This was mainly contributed by higher customer orders for IoT devices, in line with the increase in revenue derived from this type of product by 62.4%. Similarly, the gross profit margin from the communications and IoT products segment improved to 10.0% for the FPE 31 August 2021 compared to 8.0% for the FPE 31 August 2020. This was mainly attributed to higher sales volume of high value products sold in box-build form which also included testing on the products.

Our gross profit from the semiconductor components manufacturing also increased by RM3.6 million to reach RM3.0 million for the FPE 31 August 2021 compared to a gross loss of RM0.6 million for the FPE 31 August 2020 and the gross profit margin from this product segment was 57.0% for the FPE 31 August 2021 as we start to gain traction from these products since the commencement of mass production of multicomponent IC during the FYE 31 January 2021 with sales volume increasing by 170.2% for the FPE 31 August 2021 which was supported by the increase in our production capacity.

12.2.8 Other income

Other income	FYE 31 January					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Interest income	275	62.4	178	64.7	203	16.9
Sales of scrap	87	19.7	97	35.3	108	9.0
Gain on foreign exchange	79	17.9	-	-	770	64.1
Others	-	-	-	-	120(1)	10.0
Total	**441**	**100.0**	**275**	**100.0**	**1,201**	**100.0**

Other income	FPE 31 August			
	2020		2021	
	RM'000	%	RM'000	%
Interest income	131	12.0	76	38.1
Sales of scrap	57	5.2	98	49.4
Gain on foreign exchange	790	72.1	-	-
Others	117(1)	10.7	25(2)	12.5
Total	**1,095**	**100.0**	**199**	**100.0**

Notes:

(1) Gain on disposal of investment in quoted shares.

(2) Comprises dividend received and gain on disposal of PPE.

(a) FYE 31 January 2020 compared to FYE 31 January 2019

Our other income decreased by RM0.2 million or 37.6% for the FYE 31 January 2020, which was mainly due to a decrease in interest income of RM0.1 million. This was associated with the repurchase agreement (repo) interest received in the FYE 31 January 2019. In addition, the decrease in other income was partly attributed to an unrealised gain on foreign exchange in the previous financial year.

(b) FYE 31 January 2021 compared to FYE 31 January 2020

Our other income increased by RM0.93 million or 336.7% for the FYE 31 January 2021, mainly due to a realised gain on foreign exchange of RM0.8 million and gain on disposal of investments in quoted shares listed on a foreign exchange of RM0.1 million in the FYE 31 January 2021.

(c) FPE 31 August 2021 compared to FPE 31 August 2020

Our other income decreased by RM0.9 million or 81.8% for the FPE 31 August 2021, mainly due to a realised gain on foreign exchange and gain on disposal of investments in quoted shares listed on a foreign exchange in the FPE 31 August 2020.

12.2.9 Operating expenses

	FYE 31 January					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Administrative						
Staff related cost	4,585	47.9	4,541	45.0	4,370	46.9
Directors' remuneration	1,037	10.8	1,225	12.1	1,154	12.4
Depreciation of motor vehicles, office furniture and equipment	450	4.7	586	5.8	709	7.6
Repair and upkeep charges	674	7.0	744	7.4	692	7.4
Fair value loss on investment in quoted shares	-	-	-	-	636	6.8
Realised and unrealised foreign exchange losses	899	9.4	512	5.1	371	4.0
Membership and license fees	489	5.1	368	3.6	314	3.4
Professional and consultancy fees	326	3.4	806	8.0	163	1.7
Other administrative expenses[1]	483	5.1	952	9.5	705	7.6
Sub-total	**8,943**	**93.4**	**9,734**	**96.4**	**9,114**	**97.8**
Selling and distribution	633	6.6	363	3.6	202	2.2
Total	**9,576**	**100.0**	**10,097**	**100.0**	**9,316**	**100.0**

	FPE 31 August			
	2020		2021	
	RM'000	%	RM'000	%
Administrative				
Staff related cost	2,508	51.0	2,541	46.0
Directors' remuneration	729	14.8	594	10.7
Depreciation of motor vehicles, office furniture and equipment	376	7.6	469	8.5
Repair and upkeep charges	386	7.9	319	5.8
Fair value loss on investment in quoted shares	128	2.6	217	3.9
Realised and unrealised foreign exchange losses	-	-	775	14.0
Membership and license fees	197	4.0	233	4.2
Professional and consultancy fees	50	1.0	215	3.9
Other administrative expenses[1]	436	8.9	45	0.8
Sub-total	**4,809**	**97.8**	**5,409**	**97.8**
Selling and distribution	106	2.2	120	2.2
Total	**4,915**	**100.0**	**5,529**	**100.0**

Note:

(1) Each component under other administrative expenses represents less than 5% of total operating expenses respectively.

Our operating expenses comprise of:

- Administrative expenses which include, among others, staff related costs including salaries and wages, bonuses, employee contributions and other related expenses; directors' remunerations; professional and consultancy fees; depreciation of motor vehicles, office furniture and equipment; as well as other administrative expenses such as rental and office related expenses such as quit rent and assessment fee and office supplies, membership and license fees, insurance, stamp duty payment (FYE 31 January 2020 and FYE 31 January 2021) and fair value loss on investment in quoted shares listed on a foreign exchange (FYE 31 January 2021).

- Selling and distribution expenses which include, among others, transportation and handling charges, sales and marketing expenses such as advertisements, product promotions and evaluation expenses as well as travelling and related expenses.

(a) FYE 31 January 2020 compared to FYE 31 January 2019

Our operating expenses increased by RM0.5 million or 5.4% for the FYE 31 January 2020, mainly due to an increase in administrative expenses as follows:

- increase in professional and consultancy fees of RM0.5 million mainly from one-off processing fee for a term loan.

- stamp duty payment of RM0.2 million pertaining to drawdown of a term loan of RM33.0 million in the FYE 31 January 2020 for dividend payment.

- increase in directors' remuneration of RM0.2 million.

- increase in depreciation by RM0.1 million mainly contributed by purchases of additional office equipment including computers and related office supplies, and one unit of commercial vehicle in the FYE 31 January 2020.

However, the increase of administrative expenses was partially offset by a lower realised and unrealised loss of RM0.5 million on foreign currency transacted in the FYE 31 January 2020 compared to RM0.9 million in the FYE 31 January 2019.

Further, the increase in operating expenses was partly offset by a decrease in selling and distribution expenses by RM0.3 million or 42.7% in the FYE 31 January 2020. This was mainly due to lower travelling expenses, lower sales and marketing expenses relating to product promotion and evaluation.

(b) FYE 31 January 2021 compared to FYE 31 January 2020

Our operating expenses decreased by RM0.8 million or 7.7% for the FYE 31 January 2021, mainly due to the decrease in administrative expenses where the professional and consultancy fees decreased by RM0.6 million mainly from the decrease in processing fee for term loan attributed to lower term loan secured in the FYE 31 January 2021. The decrease in administrative expenses was partially offset by the fair value loss of RM0.6 million of an investment in quoted shares listed on a foreign exchange where the investment recorded an unrealised gain of RM0.2 million which resulted in a net movement of RM0.4 million for the said investment as at 31 January 2021.

The decrease in operating expenses was also due to the decrease in selling and distribution expenses by RM0.2 million in the FYE 31 January 2021, which was mainly due to lower cost incurred for sales related activities resulting from travelling and business gathering restrictions due to the imposition of MCO measures.

(c) FPE 31 August 2021 compared to FPE 31 August 2020

Our operating expenses increased by RM0.6 million or 12.5% for the FPE 31 August 2021 mainly due to the realised loss on foreign exchange of RM0.8 million.

12.2.10 Finance cost

	FYE 31 January					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Interest expense on:						
- Onshore foreign currency loan ("**OFCL**")	2,290	87.6	2,161	54.0	1,007	24.4
- Bankers' acceptance	144	5.5	967	24.1	994	24.0
- Term loans	-	-	671	16.7	1,734	41.9
- Finance lease liabilities	12	0.5	53	1.3	237	5.7
- Bank overdraft	-	-	#	#	-	-
Bank commission and charges	166	6.4	154	3.9	167	4.0
Total	**2,612**	**100.0**	**4,006**	**100.0**	**4,139**	**100.0**

	FPE 31 August			
	2020		2021	
	RM'000	%	RM'000	%
Interest expense on:				
- OFCL	663	26.7	489	21.7
- Bankers' acceptance	526	21.1	326	14.4
- Term loans	1,030	41.4	1,050	46.4
- Finance lease liabilities	159	6.4	240	10.6
- Revolving credit	-	-	39	1.7
Bank commission and charges	110	4.4	117	5.2
Total	**2,488**	**100.0**	**2,261**	**100.0**

Note:

\# *Insignificant proportion where there was an interest expense of RM197 on bank overdraft for the FYE 31 January 2020.*

Our finance cost consists primarily of interest charged on bank and trade facilities granted by banking and financial institutions, such as the OFCL, bankers' acceptance, term loans, finance lease liabilities and bank overdrafts. Our finance cost for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021 was 0.7%, 1.0%, 1.1% and 1.1% of our revenue, respectively.

(a) FYE 31 January 2020 compared to FYE 31 January 2019

Our finance cost increased by RM1.4 million or 53.4% for the FYE 31 January 2020. This was mainly attributed to the following:

- interest expense on bankers' acceptance which increased by RM0.8 million or 571.5% to RM1.0 million in the FYE 31 January 2020, mainly due to increase in the utilisation of bankers' acceptance. These bankers' acceptance was mainly used to finance our receivables as well as the inventories including local purchases; and

- interest expense on term loan of RM0.7 million in the FYE 31 January 2020, which was drawn down for dividend payments to MSH, the ultimate holding company of BCM Electronics.

The increase in finance cost was partially offset by the decrease in interest expense on the OFCL which decreased by RM0.1 million or 5.6% to RM2.2 million in the FYE 31 January 2020, mainly due to lower interest rates. The OFCL was mainly used to pay our suppliers for the purchases of input materials.

(b) FYE 31 January 2021 compared to FYE 31 January 2020

Our finance cost increased by RM0.1 million or 3.3% for the FYE 31 January 2021. This was mainly attributed to the following:

- interest expense on term loan which increased by RM1.1 million or 158.4% to RM1.7 million in the FYE 31 January 2021. This term loan was used for payment of dividend; and

- interest expense on finance lease liabilities which increased by RM0.2 million or 347.2% to RM0.2 million in the FYE 31 January 2021. The finance lease liabilities were mainly for the purchases of machinery and equipment as well as motor vehicles.

The increase in finance cost was partially offset by the decrease in interest expense on the OFCL which decreased by RM1.2 million or 53.4% to RM1.0 million in the FYE 31 January 2021, mainly due to lower interest rates.

(c) FPE 31 August 2021 compared to FPE 31 August 2020

Our finance cost decreased by RM0.2 million or 9.1% for the FPE 31 August 2021, mainly attributed to the decrease in interest expense on bankers' expenses by RM0.2 million or 38.0% to RM0.3 million in the FPE 31 August 2021, as well as the decrease in interest expense on the OFCL by RM0.2 million or 26.2% to RM0.5 million in the FPE 31 August 2021, mainly due to lower interest rates.

12.2.11 PBT, PAT and effective tax rate

	FYE 31 January			FPE 31 August	
	2019	**2020**	**2021**	**2020**	**2021**
PBT (RM'000)	31,040	32,377	17,819	6,765	16,919
PBT margin	8.7%	8.3%	4.9%	3.6%	8.5%
Total taxation (RM'000)	7,159	8,780	2,724	1,509	3,716
Effective tax rate	23.1%	27.1%	15.3%	22.3%	22.0%
PAT (RM'000)	23,881	23,596	15,096	5,256	13,203
PAT margin	6.7%	6.1%	4.2%	2.8%	6.6%

We assume responsibility for the withholding of tax on payments to our service providers who are not resident in the relevant country where the services are rendered, as well as on licenses or royalties paid to our vendors and service providers. We also remit such withheld taxes to the relevant tax authorities.

(a) FYE 31 January 2020 compared to FYE 31 January 2019

Our PBT increased by RM1.3 million or 4.3% for the FYE 31 January 2020, which was in line with the growth in our gross profit of 8.0% for the FYE 31 January 2020. This was mainly contributed by the growth in our revenue from communication products which include subassemblies and box build communication devices and accessories as well as electronic devices, namely telematic instrumentation devices.

Our PBT margin decreased slightly from 8.7% for the FYE 31 January 2019 to 8.3% for the FYE 31 January 2020 mainly contributed by an increase in our finance cost by 53.4% for the FYE 31 January 2020 due to interest expense on bankers' acceptance to finance the inventories and term loan drawn down for dividend payment. The decrease in PBT margin was partly due to an increase in operating expenses by 5.4% for the FYE 31 January 2020. See Section 12.2.10(a) of this Prospectus for further details of our finance cost and Section 12.2.9(a) of this Prospectus for further details of our operating expenses.

For the FYE 31 January 2020, our effective tax rate was 27.1%, which was higher than statutory tax rate of 24.0%, mainly attributed to RM0.8 million of non-deductible expenses including stamp duty and professional fees incurred for the term loan, and interest expense incurred in relation to the term loan.

(b) FYE 31 January 2021 compared to FYE 31 January 2020

Our PBT decreased by RM14.6 million or 45.0% for the FYE 31 January 2021 in tandem with the decrease in our gross profit and revenue from electronic devices.

Our PBT margin declined from 8.3% for the FYE 31 January 2020 to 4.9% for the FYE 31 January 2021 mainly due to the decrease in gross profit margin for the electronic devices segment from 31.2% in the FYE 31 January 2020 to 21.1% in the FYE 31 January 2021.

For the FYE 31 January 2021, our effective tax rate was 15.3%, which was lower than the statutory tax rate of 24.0%, mainly due to the utilisation of reinvestment allowance for the new machineries for the SMT line installed during the FYE 31 January 2021.

(c) FPE 31 August 2021 compared to FPE 31 August 2020

Our PBT increased by RM10.2 million or 150.1% for the FPE 31 August 2021 in line with the increase in our gross profit from the electronic devices segment, semiconductor components segment and communications and IoT products segment.

Our PBT margin improved to 8.5% for the FPE 31 August 2021 compared to 3.6% for the FPE 31 August 2020, mainly due to the improvement in gross profit margin from electronic devices segment and semiconductor components segment.

For the FPE 31 August 2021, our effective tax rate was 22.0% which was lower than the statutory tax rate of 24.0%, mainly due to the utilisation of reinvestment allowance for the new SMT line installed during the FPE 31 August 2021.

We had recently completed the installation and commissioning of another SMT line in October 2021 and we expect to complete the construction of the new manufacturing plant by December 2021. The qualifying capital expenditure incurred during the year for the construction of the new manufacturing plant and installation of the SMT line is estimated at RM16.0 million and RM7.1 million respectively as at the LPD. We are eligible to claim the reinvestment allowance amounting to RM13.9 million (i.e. 60% of the total qualifying capital expenditure of RM23.1 million) as they are for the expansion of our existing production capacity. The tax benefit of approximately RM3.3 million arising from the reinvestment allowance to be claimed is expected to reduce our effective tax rate for the FYE 31 January 2022.

12.2.12 Liquidity and capital resources

(i) Working capital

Our business has been financed by a combination of internal and external sources of funds. Internal sources comprised of shareholders' equity and cash generated from our operations, while external sources were mainly banking facilities from financial institutions. The principal utilisation of these funds was for our business operations and growth.

Based on our audited combined statements of financial position as at 31 August 2021, our cash and short-term deposits amounted to RM15.9 million and our total borrowings were RM127.2 million. As at 31 August 2021, our gearing ratio is 1.4 times and current ratio is 1.3 times. As at the LPD, banking facilities available to us for working capital purposes amounted to RM122.0 million, of which RM19.1 million has yet to be utilised.

Based on the above and taking into consideration our funding requirements for our committed capital expenditure, expected cash flow to be generated from our operations and after considering the pre-IPO dividend of RM3.2 million as set out in Section 12.5 of this Prospectus, the impact of the COVID-19 pandemic on our business and the amount of approximately RM1.7 million which has been returned to Mimos and would not be recoverable should BCM Electronics be unsuccessful in its application to the Federal Court of Malaysia as set out in Section 14.6 of this Prospectus, the amount that is available under our existing banking facilities, as well as the proceeds to be raised from the Public Issue, our Board believes that we have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus. For details of the impact of COVID-19 pandemic on our Group, see Sections 7.16 and 12.2.2(e) of this Prospectus.

(ii) Cash flow

The following is our cash flow for the FYE Under Review and FPE 31 August 2021 based on our audited combined financial statements. This should be read in conjunction with the Accountants' Report in Section 13 of this Prospectus.

	FYE 31 January			FPE 31 August	
	2019	**2020**	**2021**	**2020**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net cash from operating activities	5,462	18,250	150	14,567	17,972
Net cash used in investing activities	(982)	(5,384)	(14,513)	(13,957)	(10,324)
Net cash (used in)/from financing activities	(23,843)	(2,436)	4,017	(2,123)	(8,821)
Net (decrease)/increase in cash and cash equivalents	(19,363)	10,430	(10,346)	(1,513)	(1,173)
Effect of changes in foreign exchange rate	-	-	51	(275)	(6)
Cash and cash equivalents at the beginning of the financial year/period	36,337	16,974	27,404	27,404	17,109
Cash and cash equivalent at end of the financial year/period (1)	**16,974**	**27,404**	**17,109**	**25,616**	**15,930**

Note:

(1) The components of our cash and cash equivalents are as set out below:

	FYE 31 January			*FPE 31 August*	
	2019	***2020***	***2021***	***2020***	***2021***
	RM'000	***RM'000***	***RM'000***	***RM'000***	***RM'000***
Cash and bank balances	*16,974*	*27,404*	*17,109*	*25,616*	*15,930*
Fixed deposits with licensed banks	*2,464*	*5,083*	*5,207*	*5,154*	*5,899*
	19,438	*32,487*	*22,315*	*30,770*	*21,829*
Less:					
Fixed deposits pledged with licensed banks	*(2,464)*	*(5,083)*	*(5,207)*	*(5,154)*	*(5,899)*
Total	***16,974***	***27,404***	***17,109***	***25,616***	***15,930***

Most of our cash and cash equivalents are held in RM and/or USD. There are no legal, financial or economic restrictions on our subsidiary's ability to transfer funds to our Company in the form of cash dividends, subject to the availability of distributable profits, any applicable financial covenants and the Act.

(a) Net cash from operating activities

FYE 31 January 2019

For the FYE 31 January 2019, our net cash from operating activities was RM5.5 million after taking into account the following:

- increase in receivables by RM35.2 million mainly due to higher billings to customers during the last quarter of the FYE 31 January 2019. This was in tandem with the growth in our revenue which increased by 55.7% in the fourth quarter of the FYE 31 January 2019 compared to the third quarter of the FYE 31 January 2019. This was mainly contributed by higher billings to customers for IoT devices and electronic devices;

- increase in inventories by RM23.6 million mainly contributed by higher inventory of raw materials including electronic components, as well as mechanical and electrical parts where these materials were purchased to meet the expected demand from customers for the following financial year. In addition, the increase was partly contributed by RM4.9 million of goods in transit;

- increase in contract assets of RM6.7 million arose from finished goods that were delivered to customers' designated hub pending the issuance of invoices. This was mainly for the provision of EMS for communication products;

- increase in trade payables by RM40.3 million mainly due to higher trade payables during the last quarter of the FYE 31 January 2019 in tandem with the higher revenue in the last quarter; and

- other payments include RM5.0 million of income tax paid and RM2.6 million of interest paid.

FYE 31 January 2020

For the FYE 31 January 2020, our net cash from operating activities was RM18.3 million after taking into account:

- decrease in payables by RM30.9 million mainly due to higher payments to suppliers during the last quarter of the FYE 31 January 2020;

- decrease in inventories by RM10.7 million mainly due to higher utilisation of raw materials for our manufacturing operations, in line with the higher revenue. Our revenue increased by RM31.1 million or 8.7% for the FYE 31 January 2020;

- decrease in receivables by RM8.9 million mainly due to lower sales in the last quarter of the FYE 31 January 2020 compared to the corresponding period in the FYE 31 January 2019;

- decrease in contract assets by RM1.4 million mainly due to lower volume of our communication devices and accessories delivered to the customers' designated hubs during the last quarter of the FYE 31 January 2020 compared to the corresponding period in the FYE 31 January 2019; and

- other payments include RM7.5 million of net income tax paid and RM4.0 million of interest paid.

FYE 31 January 2021

For the FYE 31 January 2021, our net cash from operating activities was approximately RM150,000 after taking into account:

- increase in contract assets by RM15.4 million mainly due to higher volume of our communication devices and accessories delivered to the customers' designated hubs during the last quarter of the FYE 31 January 2021 where issuance of invoices was still pending;

- increase in receivables by RM8.2 million mainly due to higher amount of goods delivered and billed to customers during the last quarter of the FYE 31 January 2021;

- increase in inventories by RM7.6 million due to higher inventory of finished goods resulted from increased manufacturing activities to meet the sales order in the last quarter of the FYE 31 January 2021 which have yet to be delivered at that point in time;

- increase in payables by RM12.8 million mainly due to higher purchases during the last quarter of the FYE 31 January 2021 in order to meet customer orders in the last quarter as well as the expected customer orders to be met in the following quarter; and

- other payments include RM4.1 million of net income tax paid and RM4.1 million of interest paid.

We recorded a significantly lower operating cash flow from operating activities of approximately RM150,000 for the FYE 31 January 2021 mainly due to higher sales in the fourth quarter of the FYE 31 January 2021 where sales increased by 12.3% compared to the third quarter of the FYE 31 January 2021, mainly attributable to the sale of communication devices and accessories. Our manufacturing operations were affected in the first half of the year due to MCO restrictions and disruption in the supply of material arising from the COVID-19 pandemic. In this respect, our manufacturing activities in the last quarter of FYE 31 January 2021 was higher to make up for lost time from the lower manufacturing activity in the first half of the year.

The contract assets recorded at RM25.2 million as at 31 January 2021, represented goods that have been mainly delivered to customers' designated hubs in Penang, Malaysia and the USA for our communication devices and accessories but pending the issuance of invoices. Of the total RM25.2 million of contract assets, we have subsequently issued invoices for all the goods delivered and have collected the entire amount as at the LPD.

FPE 31 August 2021

For the FPE 31 August 2021, our net cash from operating activities was RM18.0 million after taking into account:

- increase in inventories by RM38.1 million mainly due to higher purchases of raw materials including electronic components, as well as mechanical and electrical parts where these materials were purchased in planning to meet the purchase orders secured which were issued well in advance by customers pursuant to the COVID-19 pandemic and disruptions;

- decrease in receivables by RM25.0 million mainly due to timely collections from customers as well as lower delivery in fulfilling orders of communications devices and accessories;

- increase in payables by RM21.4 million mainly due to higher purchases of raw materials in planning to meet the purchase orders secured which were issued well in advance;

- increase in contract assets by RM9.1 million mainly due to higher volume of our communication devices and accessories delivered to customers' designated hubs where issuance of invoices was still pending; and

- other payments include RM1.3 million of income tax paid and RM2.3 million of interest paid.

(b) Net cash used in investing activities

FYE 31 January 2019

For the FYE 31 January 2019, our net cash used in investing activities was RM1.0 million. This was mainly attributed to RM1.2 million used to fund part of the total purchases of RM1.5 million for PPE, while the remaining payments were financed through borrowings. Types of PPE purchased include 96 units of computers and related office supplies, as well as one unit of motor vehicle.

The net cash used in investing activities was partially offset by RM0.3 million of interest received including repo interest received and fixed deposit interest.

FYE 31 January 2020

For the FYE 31 January 2020, our net cash used in investing activities was RM5.4 million. This was mainly attributed to the following:

- RM3.0 million of cash used to fund part of the total purchases for PPE of RM11.3 million, while the remaining payments of RM8.3 million were funded through finance lease liabilities. Types of PPE purchased include one SMT line consisting screen printer, auto loader, inspection machine, pick and place machine, automated optical inspection machine, reflow oven, metal shielding placer, laser marking machine, auto unloader, and router machine. This also includes the purchase of offline machinery and equipment comprising one unit of stencil cleaning machine, one unit of stencil inspection machine and various quality check equipment. This new SMT line is for the semiconductor components manufacturing that commenced during the FYE January 2020. See Section 12.2.20 of this Prospectus for further details of purchases of PPE; and

- RM2.6 million of fixed deposit pledged to banks for banking facilities such as bankers' acceptance, OFCL and term loan.

The net cash used in investing activities was partially offset by RM0.2 million of interest received including fixed deposit interest and repo interest received.

FYE 31 January 2021

For the FYE 31 January 2021, our net cash used in investing activities was RM14.5 million. This was mainly attributed to the following:

- RM11.4 million of cash used for the purchase of PPE mainly for the purchase of an additional SMT line for our semiconductor component manufacturing and other related equipment such as quality check equipment. See Section 12.2.20 of this Prospectus for further details of purchases of PPE; and

- net cash of RM3.2 million used for the investments in quoted shares listed on a foreign exchange, which is denominated in AUD.

FPE 31 August 2021

For the FPE August 2021, our net cash used in investing activities was RM10.3 million. This was mainly attributed to the following:

- RM9.7 million of cash used for the purchase of PPE mainly for the purchase of an additional SMT line for our semiconductor component manufacturing. See Section 12.2.20 of this Prospectus for further details of purchases of PPE; and

- RM0.6 million of fixed deposit pledged to banks for banking facilities such as revolving credit.

(c) Net cash (used in)/from financing activities

FYE 31 January 2019

For the FYE 31 January 2019, our net cash used in financing activities was RM23.8 million. This was mainly attributed to dividend payments of RM54.2 million to MSH, the ultimate holding company of BCM Electronics.

The net cash used in financing activities was partially offset by net cash inflow of RM30.5 million mainly from the bankers' acceptance and OFCL used for our working capital to finance our receivables as well as the inventories including local purchases.

FYE 31 January 2020

For the FYE 31 January 2020, our net cash used in financing activities was RM2.4 million. This was mainly attributed to dividend payments of RM38.6 million to MSH, the ultimate holding company of BCM Electronics.

The net cash used in financing activities was partially offset by net cash inflow of RM36.4 million including RM33.0 million drawn down from a term loan for the dividend payments as above, as well as a net cash of RM3.4 million from bankers' acceptance and OFCL used for our working capital to finance our receivables as well as the inventories including local purchases.

FYE 31 January 2021

For the FYE 31 January 2021, our net cash from financing activities was RM4.0 million. This was mainly from the net cash inflow of RM10.0 million including RM7.1 million drawn down from a new term loan for the purchase of an additional SMT line, as well as net cash of RM2.9 million from bankers' acceptance and OFCL used for our working capital.

The net cash from financing activities was partially offset by dividend payments of RM4.9 million to MSH, the ultimate holding company of BCM Electronics, as well as RM0.8 million used for the repayment of finance lease liabilities.

FPE 31 August 2021

For the FPE 31 August 2021, our net cash used in financing activities was RM8.8 million. This was mainly attributed to RM9.1 million used for the repayment of term loan, net cash of RM3.8 million used for the repayment of bankers' acceptance and the OFCL, as well as RM0.9 million used for the repayment of finance lease liabilities.

The net cash used in financing activities was partially offset by the net cash of RM5.0 million from revolving credit used for our working capital.

(iii) Borrowings

As at 31 August 2021, our Group's total borrowings were RM127.2 million, all of which are interest bearing and denominated in USD and RM. Details of our bank borrowings are as set out below:

	As at 31 August 2021		
Type of borrowings	**Payable within 12 months**	**Payable after 12 months**	**Total**
	RM'000	**RM'000**	**RM'000**
Bankers' acceptance and OFCL[(1)]			
- Bankers' acceptance	22,927	-	22,927
- OFCL	61,903	-	61,903
Sub-total	**84,830**	**-**	**84,830**
Finance lease liabilities[(2)]	1,672	4,891	6,563
Term loans[(3)]	23,342	7,461	30,803
Revolving credit	5,000	-	5,000
Total	**114,844**	**12,352**	**127,196**
Currency profile of borrowings:			
USD	61,902	-	61,902
RM	52,942	12,352	65,294
Total	**114,844**	**12,352**	**127,196**
Gearing ratio[(4)]			**1.35**

Notes:

(1) Bankers' acceptance and OFCL were mainly used for working capital purposes.

(2) This refers to finance lease commitments mainly for the purchase of motor vehicles, and one (1) SMT line, one (1) unit of stencil cleaning machine and one (1) unit of stencil inspection machine in the FYE 31 January 2020.

(3) Term loans were mainly utilised for dividend payment in the FYE 31 January 2020 and purchase of one (1) SMT line in the FYE 31 January 2021.

(4) Calculated based on total borrowings divided by total equity.

As at 31 August 2021, our Group's floating and fixed rate borrowings are set out below:

	RM'000
Floating rate borrowings [(1)]	24,663
Fixed rate borrowings [(2)]	102,533
Total borrowings	**127,196**

Notes:

(1) Include term loan only.

(2) Include finance lease liabilities, bankers' acceptance, OFCL and term loan.

Our Group has not defaulted on any payment of either principal sums and/or interest in relation to the borrowings for the FYE Under Review, FPE 31 August 2021 and up to the LPD.

The maturity profile and average effective interest rates of our borrowings as at 31 August 2021 are set out below:

	OFCL	Bankers' acceptance	Term loan	Finance lease liabilities	Revolving credit	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Within 1 year	61,903	22,927	23,342	1,672	5,000	**114,844**
More than 1 year and less than 2 years	-	-	4,055	1,654	-	**5,709**
More than 2 year and less than 5 years	-	-	3,406	3,237	-	**6,643**
Total	**61,903**	**22,927**	**30,803**	**6,563**	**5,000**	**127,196**
Average effective interest rates (%)	1.15 to 2.70		4.66 to 5.00	1.88 to 3.05	3.16	

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations or investments by holders of securities in our Company.

As at the LPD, save as disclosed above, our Group did not use any other financial instruments.

12.2.13 Treasury policies and objectives

Our Group's operations have been funded through shareholder's equity, cash generated from our operations, and external sources of funds. The external sources of funds consist primarily of banking facilities from financial institutions. The normal credit terms granted by our suppliers ranges from 15 days to 90 days for the FPE 31 August 2021.

As at the LPD, our Group's banking facilities from financial institutions mainly consist of the following:

- bankers' acceptance, OFCL and revolving credit for working capital purposes;
- term loans used for dividend payment and the purchase of machinery and equipment; and
- finance lease liabilities used for the purchase of motor vehicles, and machinery and equipment.

The interest rates for our bank borrowings are based on the market rates prevailing at the dates of the respective transactions. As at the LPD, our Group has available banking facilities amounting to RM122.0 million, of which RM19.1 million has yet to be utilised.

The main objective of our capital management is to ensure sustainable shareholders' equity to ensure our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain our debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.2.14 Financial instruments for hedging purposes

We currently do not use any financial instrument to hedge our exposure against transactions in foreign currency as a significant portion of our EMS business is naturally hedged due to our sales and purchases being principally denominated in the same currency i.e. USD. We mitigate the exposure to the risk by maintaining a USD denominated bank account for sales and purchases transactions denominated in USD. We also constantly monitor and review our need to hedge. Should this exposure become substantial, we may enter into derivative contracts with banking institutions to minimise the impact of foreign exchange fluctuations. For details of our sales and purchases in USD for the FYE Under Review and FPE 31 August 2021, see Section 5.1.7 of this Prospectus.

12.2.15 Material litigation and contingent liabilities

(i) Material litigation

As at the LPD, save for the material litigation as disclosed in both Note 31 of the Accountants' Report in Section 13 and Section 14.6 of this Prospectus, we are not engaged in any other material litigation, claims or arbitration either as plaintiff or defendant and do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect our position or profitability, in the 12 months immediately preceding the date of this Prospectus.

(ii) Contingent liabilities

As at the LPD, we do not have any contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.2.16 Key financial ratios

The following table provides the key financial ratios based on our audited combined financial statements for the FYE Under Review and FPE 31 August 2021:

	FYE 31 January			FPE 31 August
	2019	**2020**	**2021**	**2021**
Average trade receivables turnover period (days)(1)	88	92	97	91
Average trade payables turnover period (days)(2)	55	54	45	66
Average inventory turnover period (days)(3)	75	74	75	111
Current ratio (times)(4)	1.3	1.5	1.4	1.3
Gearing ratio (times)(5)	1.0	1.8	1.6	1.4

Notes:

(1) Based on average trade receivables of the respective financial years/period over total revenue of the respective financial years/period, and multiplied by 365/212 days.

(2) Based on average trade payables of the respective financial years/period over total cost of sales of the respective financial years/period, and multiplied by 365/212 days.

(3) Based on average inventory of the respective financial years/period over total cost of sales of the respective financial years/period, and multiplied by 365/212 days.

(4) Based on current assets over current liabilities.

(5) Based on total borrowings over total equity.

(i) Trade receivables

We deal with our customers on credit terms. The credit terms that we generally grant to our customers are as follows:

	FYE 31 January			FPE 31 August
	2019	**2020**	**2021**	**2021**
Normal credit terms (days)	30 to 75	30 to 75	30 to 80	30 to 80

We grant credit terms to our customers on a case-by-case basis, taking into consideration factors such as our relationship with the customer, payment history, creditworthiness, the quantum of amount owing to us, and any reasons behind the customers' failure to pay within the normal credit period (if applicable).

Our average trade receivables turnover period increased from 88 days for the FYE 31 January 2019 to 92 days for the FYE 31 January 2020, which exceeded our credit terms.

This was mainly due to receivables of RM1.6 million or 1.7% of total trade receivables were past due, mainly contributed by Customer B and Customer E. As at the LPD, the bulk of the overdue receivables amounting to 97.7% (RM1.56 million) have been collected while the remaining 2.3% (approximately RM37,000) was still outstanding. We have taken constant effort to recover the outstanding amount including follow-up calls and correspondences. In addition, we also granted an extension of credit terms to Customer C from 60 days to 75 days in March 2019 based on Customer C's request after taking into consideration, among others, our relationship with the customer, payment history and creditworthiness.

Our average trade receivables turnover period increased from 92 days for the FYE 31 January 2020 to 97 days for the FYE 31 January 2021. This was mainly due to receivables of RM6.4 million or 6.4% of our trade receivables that exceeded the credit period. These past due outstanding receivables were mainly contributed by Customer A, which we have subsequently collected. In addition, we also granted an extension of credit terms to Customer B and Customer E from 75 days to 80 days in April 2020 based on the customers' request after taking into consideration, among others, our relationship with the customers, payment history and creditworthiness.

Our average trade receivables turnover period decreased from 97 days for the FYE 31 January 2021 to 91 days for the FPE 31 August 2021 mainly due to timely collections from customers.

For the FYE Under Review and FPE 31 August 2021, there is no impairment of trade receivables involving any of our customer. For information on our Group's policy on impairment of trade receivables, see Note 3.6.1(iv) of the Accountants' Report in Section 13 of this Prospectus.

The ageing analysis of our Group's trade receivables as at 31 August 2021 is as follows:

		Past due				
	Not past due	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**More than 90 days**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade receivables	66,700	3,669	498	563	344	71,774
Subsequent collections as at the LPD	55,090	3,596	479	385	252	59,802
Net trade receivables after subsequent collections	**11,610**	**73**	**19**	**178**	**92**	**11,972**

As at the LPD, RM59.8 million or 83.3% of our trade receivables as at 31 August 2021 has been subsequently collected. The remaining outstanding amount was RM12.0 million, representing 16.7% of our trade receivables, which is still outstanding as at the LPD.

The remaining outstanding amount that falls within the credit period accounted for 97.0% (RM11.6 million) of the remaining outstanding amount, while the remaining 3.0% (RM0.4 million) has exceeded credit period. We have taken constant effort to recover the outstanding amount including follow-up calls and correspondences.

(ii) Trade payables

We deal with our suppliers mainly on credit terms. Our suppliers generally grant us credit terms as follows:

	FYE 31 January			FPE 31 August
	2019	**2020**	**2021**	**2021**
Normal credit terms (days)	14 to 90	14 to 180*	14 to 90*	15 to 90

Note:

* *The credit term increased from 90 days to 180 days granted by a supplier due to the entitlement from a one-off volume purchase in the FYE 31 January 2020. Subsequently in the FYE 31 January 2021, the credit term was reverted to 90 days.*

Our average trade payables turnover period, which ranges from 45 days to 55 days, fell within the credit period given by our suppliers.

Our average trade payables turnover period was 55 days for the FYE 31 January 2019 and 54 days for the FYE 31 January 2020, and improved to 45 days for the FYE 31 January 2021. This was mainly due to our timely payment to suppliers.

Our average trade payables turnover period increased from 45 days for the FYE 31 January 2021 to 66 days for the FPE 31 August 2021. This was mainly due to higher purchases of raw materials planned to meet purchase orders secured which were issued well in advance by customers.

The ageing analysis of our Group's trade payables as at 31 August 2021 is as follows:

		Past due				
	Not past due	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**More than 90 days**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade payables	50,879	9,503	1,482	155	272	62,291
Subsequent payments as at the LPD	33,729	9,460	1,482	155	272	45,098
Net trade payables after subsequent payments	17,150	43	-	-	-	17,193

As at the LPD, RM45.1 million of our trade payables outstanding as at 31 August 2021 has been subsequently paid. The remaining outstanding amount of RM17.2 million that falls within the credit period accounted for 99.7% (RM17.2 million) of the remaining outstanding amount, while the remaining 0.3% (RM43,000) has exceeded credit period and is mainly scheduled for payment in November 2021.

(iii) Inventory turnover

	FYE 31 January			FPE 31 August
	2019	**2020**	**2021**	**2021**
Average inventory turnover period (days)[1]	75	74	75	111
Raw materials	*67*	*66*	*64*	*96*
Work-in-progress	*1*	*1*	*1*	*1*
Finished goods	*3*	*3*	*6*	*6*
Goods in transit	*3*	*4*	*4*	*7*

Note:

(1) Based on average inventory of the respective financial years/period over total cost of sales of the respective financial years/period, and multiplied by 365/212 days.

Our inventory mainly comprises the following:

- Raw materials consist of mainly PCB and semiconductor components, electrical, mechanical and related parts that are used in our EMS operations;
- Work-in-progress which are partially finished before undergoing further processing into finished goods;
- Finished goods consisting mainly of completed products stored in the form of PCBA, subassembly or box build prior to final delivery to customers or pending collection by the customers; and
- Goods in transit refers to raw materials that have been shipped by the suppliers but have not yet reached our manufacturing plant. This was based on the freight on board at the shipping point where technically we have taken possession of materials as soon as the shipment departs from the suppliers.

Our average inventory turnover decreased from 75 days for the FYE 31 January 2019 to 74 days for the FYE 31 January 2020. This was mainly due to higher sales volume of products resulting in lower inventory of raw materials and finished goods. This was also reflected in our revenue growth of 8.7% for the FYE 31 January 2020.

Our average inventory turnover increased from 74 days for the FYE 31 January 2021 to 75 days for the FYE 31 January 2021. This was mainly due to higher finished goods for the electronic devices segment. As at the LPD, these finished goods have been shipped out to customers.

Our average inventory turnover increased from 75 days for the FYE 31 January 2021 to 111 days for the FPE 31 August 2021. This was mainly due to higher raw materials purchased in planning to meet the secured order books where our customers issued us purchase orders well in advance.

(iv) Current ratio

Our current ratio improved from 1.3 times for the FYE 31 January 2019 to 1.5 times for the FYE 31 January 2020. This was mainly due to a decrease in trade payables attributed to lower purchases of input materials which declined by 3.3% from RM302.4 million in the FYE 31 January 2019 to RM292.5 million in the FYE 31 January 2020.

Our current ratio declined from 1.5 times for the FYE 31 January 2020 to 1.4 times for the FYE 31 January 2021. This was mainly due to RM19.6 million of the long-term loan became short term loan and which is due within one year.

Our current ratio declined from 1.4 times for the FYE 31 January 2021 to 1.3 times for the FPE 31 August 2021. This was mainly due to decrease in trade receivables mainly due to collections from customers in a timely manner as well as an increase in trade payables due to the higher purchases of raw materials in planning to meet the secured purchase orders issued well in advance by customers.

(v) Gearing ratio

Our gearing ratio increased from 1.0 times for the FYE 31 January 2019 to 1.8 times for the FYE 31 January 2020. This was mainly due to the following:

- Higher borrowings mainly due to drawdown of a term loan amounting to RM33.0 million for dividend payment to MSH and utilisation of finance lease liabilities amounting to RM8.3 million mainly for the purchase of one (1) SMT line for semiconductor components manufacturing which commenced in the FYE 31 January 2020; and

- Decrease in the retained earnings by 41.8%, from RM35.9 million in the FYE 31 January 2019 to RM20.9 million in the FYE 31 January 2020, mainly attributed to the dividend payment of RM38.6 million in the FYE 31 January 2020.

Our gearing ratio improved from 1.8 times for the FYE 31 January 2020 to 1.6 times for FYE 31 January 2021. This was mainly attributed to an increase in retained earnings by 51.3% from RM20.9 million in the FYE 31 January 2020 to RM31.6 million in the FYE 31 January 2021. This was also partly offset by higher borrowings mainly due to drawdown of a new term loan amounting to RM7.1 million for the purchase of one (1) SMT line in the FYE 31 January 2021.

Our gearing ratio improved from 1.6 times for the FYE 31 January 2021 to 1.4 times for the FPE 31 August 2021. This was mainly attributed to an increase in retained earnings by 31.7% from RM31.6 million in the FYE 31 January 2021 to RM41.7 million in the FPE 31 August 2021. The improvement is also attributed to the decrease in borrowings arising from the repayment of term loans of RM9.1 million during the FPE 31 August 2021.

12.2.17 Trend analysis

Save as disclosed in this section and in Sections 5, 7 and 8 of this Prospectus, to the best of our Board's knowledge and belief, there are no other known trends, uncertainties, demands, commitments or events and factors that are reasonably likely to have a material effect on our financial condition and results of operations or that would make our Group's historical financial statements not indicative of future financial performance. Accordingly, taking into consideration our Group's future plans and strategies, the impact of the COVID-19 pandemic and the expected increase in depreciation in line with the increase in our capital expenditure, we do not expect any material adverse impact to our revenue recognition and operating expenses moving forward.

12.2.18 Significant changes/events

On 16 March 2020, the Government announced restriction in movement via issuance of the MCO as a means to curb the spread of COVID-19. During the MCO period which commenced from 18 March 2020, we encountered disruptions to our operations where our manufacturing operations continued with constraints in accordance with the approval letter from the MITI dated 24 March 2020 which affected our operations. The restrictions imposed arising from measures to curb the spread of COVID-19 has impacted our revenue for the first quarter of the FYE 31 January 2021, mainly due to disruptions in global supply chain which resulted in delays in delivering the sales orders.

Pursuant to the FMCO that started on 1 June 2021, we continued to operate according to specified guidelines and the latest SOP where our business operations operate at 60% capacity of workforce during Phase 1 of the NRP. Based on 60% capacity of workforce, we extended our operating days from 5.5 days a week to 7 days a week which enabled us to achieve an overall of 85% of operating manhours per week. Our EMS operations were affected due to the restrictions imposed during the FMCO period, which resulted in delays in the fulfilment of sales orders to our customers. With 85% of operating manhours during the FMCO period, we fulfilled 92% of planned production for the delivery to our customers in June 2021.

Nevertheless, we noted that this was a temporary situation and we took steps to continue our operations while working within various constraints placed during the MCO and CMCO periods. See Section 7.16 of this Prospectus for further details of the business interruptions during the MCO and COVID-19 pandemic and Note 32 of the Accountants' Report in Section 13 of this Prospectus.

12.2.19 Order book

Generally, our sales are derived from purchase orders issued by customers pursuant to the agreements with customers. In this respect, we do not maintain an order book based on contracts due to the nature of our business.

Under the normal business conditions, we usually fulfil the purchase orders for a period of three (3) months upon the issuance of purchase orders by our customers. Pursuant to the COVID-19 outbreak and the disruptions in global shortage of semiconductors, our customers issued us a longer term of purchase orders which is more than three (3) months and up to 26 months for some major customers. In this respect, our secured purchase orders of RM736.5 million as at the LPD which will allow us to fulfil the orders from three (3) months and up to 25 months.

Of the total secured purchase orders, we have unbilled purchase orders of RM482.7 million as at the LPD as set out below:

Unbilled purchase orders	RM'000
To be delivered from November 2021 to January 2022	164,064
To be delivered from February to April 2022	85,276
To be delivered from May 2022 to November 2023	233,335
Total	**482,675**

12.2.20 Capital expenditures and divestitures

Capital expenditures

Our capital expenditures for the FYE Under Review, FPE 31 August 2021 and up to the LPD are set out below:

	FYE 31 January			FPE 31 August	From 1 September 2021 up to the LPD
	2019	**2020**	**2021**	**2021**	
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Plant and machinery	111	9,178	9,059	9,037	382
Office furniture, fittings and equipment	1,033	1,702	2,359	289	275
Building	-	-	-	391	493
Motor vehicles	354	379	-	-	-
Total	**1,498**	**11,259**	**11,418**	**9,717**	**1,150**

Our material capital expenditure was primarily funded via a combination of bank borrowings and internally generated funds.

For the FYE 31 January 2019, our capital expenditure of RM1.5 million mainly comprised the following:

- RM1.0 million for the purchase of the office furniture and equipment including computers, laser printers and upgrade of database server and licenses; and

- RM0.5 million for the purchase a motor vehicle and machinery and equipment including one unit of robotic bonding dispensing machine and one unit of reflow oven.

For the FYE 31 January 2020, our capital expenditure of RM11.3 million mainly comprised of the following:

- RM9.2 million for the purchases of machinery and equipment for our manufacturing operations including one SMT line and two units of offline machinery equipment. The SMT line consists of screen printer, auto loader, inspection machine, pick and place machine, automated optical inspection machine, reflow oven, metal shielding placer, laser marking machine, auto unloader and router machine. This SMT line was for the manufacturing of semiconductor components that commenced during the FYE 31 January 2020.

  We also purchased offline machinery and equipment comprising one unit of stencil cleaning machine and one unit of stencil inspection machine; and

- RM2.1 million for the purchase of quality check equipment comprising mainly temperature test chamber and high power microscope and related equipment used for semiconductor components manufacturing as well as office equipment including computer and printer.

For the FYE 31 January 2021, our capital expenditure of RM11.4 million mainly comprised of the following:

- RM9.1 million for the purchase of additional one SMT line for our semiconductor components manufacturing operations. The SMT line consists of screen printer, auto loader, inspection machine, pick and place machine, automated optical inspection machine, reflow oven, metal shielding placer, laser marking machine, auto unloader and router machine. This SMT line was for the manufacturing of semiconductor components that commenced during the FYE 31 January 2021; and

- RM2.4 million for the purchase of quality check equipment similar to the above used for semiconductor components manufacturing, as well as purchase of additional database license.

For the FPE 31 August 2021, our capital expenditure of RM9.7 million was mainly for the purchase of an additional SMT line for semiconductor components manufacturing. The SMT line consists of screen printer, auto loader, inspection machine, pick and place machine, automated optical inspection machine, reflow oven, metal shielding placer, laser marking machine, auto unloader and router machine. This SMT line was for the manufacturing of semiconductor components that commenced during the FPE 31 August 2021.

From 1 September 2021 up to the LPD, our capital expenditure of RM1.2 million was mainly for the construction of new manufacturing plant as well as the purchase of machinery and equipment for the additional SMT line for semiconductor components manufacturing where the installation was completed in October 2021.

Capital divestitures

Our capital divestitures for the FYE Under Review, FPE 31 August 2021 and up to the LPD are set out below:

	FYE 31 January			**FPE 31 August**	**From 1 September 2021 up to the LPD**
	2019	**2020**	**2021**	**2021**	
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Plant and machinery	-	5,026	674	3,243	-
Office furniture, fittings and equipment	-	124	50	-	-
Motor vehicles	-	-	-	-	-
Total	**-**	**5,150**	**724**	**3,243**	**-**

For the FYE 31 January 2020, our capital divestitures of RM5.2 million was mainly from the disposal of plant and machinery, mostly pick and place machines and reflow oven from the SMT lines which were decommissioned in the FYE 31 January 2020.

For the FYE 31 January 2021, our capital divestitures of RM0.7 million was mainly from the disposal of plant and machinery including axial and radial auto insertion machine and reflow oven.

For the FPE 31 August 2021, our capital divestitures of RM3.2 million was mainly from the disposal of plant and machinery including pick and place machines.

From 1 September 2021 up to the LPD, we did not have any capital divestitures.

12.2.21 Material commitment for capital expenditure

As at the LPD, our Group's material commitments for capital expenditure are summarised below:

		Source of funds	
	Capital commitment	**Internally generated funds/Bank borrowings**	**Proceeds from the Public Issue**
	RM'000	**RM'000**	**RM'000**
Approved and/or contracted for:			
Expansion of our production facilities			
- Construction of new manufacturing plant (1)	16,028	16,028	-
Purchase of machinery and equipment (2)			
- Ongoing expansion	7,148	7,148	-
Approved but not contracted for:			
Expansion of our production facilities			
- Construction of new manufacturing plant(1)	1,090	1,090	-
Purchase of machinery and equipment			
- Ongoing expansion(2)	2,215	2,215	-
- Future expansion(3)	43,300	3,300	40,000
Development and implementation of customised software and smart warehousing system(4)	4,000	4,000	-
Introduction of new product(5)	5,153	5,153	-
Total	**78,934**	**38,934**	**40,000**

Notes:

(1) The estimated total cost of construction is RM18.0 million. As at the LPD, RM0.9 million has been incurred and funded through internally generated funds and the remaining of RM17.1 million will be funded through internally generated funds and bank borrowings.

(2) As part of our on-going expansion plans, we have placed orders for two (2) production lines dedicated to semiconductor component manufacturing for Customer F comprising two (2) SMT lines and two (2) AGVs. The installation for the two (2) production lines was completed in August 2021 and October 2021 respectively. The total cost for the two (2) lines is estimated at RM20.0 million. As at the LPD, RM10.6 million has been incurred and funded through internally generated funds and the remaining RM9.4 million will be funded through internally generated funds and bank borrowings.

(3) *For future expansion, the total cost of purchasing machinery and equipment is estimated at RM43.3 million which include four (4) SMT lines, three (3) units of automated guided vehicle systems and 1 set of inline automated testing and packing machinery and equipment. Three (3) SMT lines are dedicated to semiconductor component manufacturing for Customer F and one (1) SMT line is for EMS focusing on industrial electronics. Of the total RM43.3 million, RM40.0 million will be funded from the proceeds to be raised from the Public Issue and RM3.3 million will be funded through internally generated funds and bank borrowings.*

(4) *The estimated cost for development and implementation of customised software and smart warehousing system is approximately RM4.0 million and will be funded through internally generated funds.*

(5) *The estimated cost for the development of lithium-ion battery pack system is approximately RM5.3 million. As at the LPD, RM0.2 million has been incurred and funded through internally generated funds and the remaining RM5.1 million will be funded through internally generated funds.*

12.2.22 Financial risk management

We are exposed to market risks arising from our operations and use of financial instruments. Our key market risk exposures are to liquidity risk, credit risk, foreign currency risk, interest rate risk and equity price risk.

Liquidity risk

Liquidity risk is the risk that we will not be able to meet financial obligations as and when they fall due as a result of shortage of funds. Our Group's exposure to liquidity risk arises principally from trade payables and other payables, and borrowings.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts. See Note 28.4 of the Accountants' Report in Section 13 of this Prospectus for further details.

Although we had faced significant fluctuations in our operating cash flows in the past and may experience the same in the future, such fluctuations have not and are not expected to affect our ability to meet our financial obligations as we maintain a level of cash and cash equivalents and bank facilities that we deem adequate to ensure that we will have sufficient liquidity to meet our liabilities when they fall due. Further details of our net cash from operating activities are set out in Section 12.2.12(ii)(a) of this Prospectus.

Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Our exposure to credit risk arises principally from trade receivables. In general, we granted credit terms to our customers which often range from 30 to 80 days. We have credit policy in place and we monitor our trade receivables on an on-going basis through ageing analysis.

For the FPE 31 August 2021, RM66.7 million or 92.9% of our trade receivables were not past due while the remaining RM5.1 million or 7.1% were past due but not impaired. As at the LPD, RM59.8 million or 83.3% of our trade receivables as at 31 August 2021 has been subsequently collected. The remaining amount of RM12.0 million, representing 16.7% of our trade receivables, is still outstanding as at the LPD.

Foreign currency risk

Our business is exposed to the risk of foreign exchange fluctuations where 100.0%, 99.9%, 99.2% and 99.9% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively were transacted in USD. 98.1%, 98.7%, 98.5% and 98.9% of our purchases for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively were transacted in USD. Any adverse changes in exchange rate between RM and USD would have a negative impact on our financial performance.

We also hold cash and bank balances denominated in foreign currencies for working capital purposes. The currency giving rise to this risk is USD, Euro and AUD.

The currency profile of our cash and bank balances is as follows:

	As at 31 January			As at 31 August
	2019	**2020**	**2021**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
RM	12,346	8,776	6,020	6,700
USD	4,608	18,614	11,066	9,192
Others	20	14	23	38
Total	**16,974**	**27,404**	**17,109**	**15,930**

For the FPE 31 August 2021, more than 85% of our trade receivables and trade payables were denominated in USD. In this respect, our business is subject to risks relating to any unfavourable foreign currency exchange rate fluctuations which may materially affect our business, financial condition and results of operations.

The currency profile of our trade receivables and trade payables as at 31 January 2019, 31 January 2020, 31 January 2021 and 31 August 2021 are set out below:

	As at 31 January			As at 31 August 2021
	2019	**2020**	**2021**	
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables				
USD	102,933	92,723	97,483	71,732
RM	52	52	315	42
Euro	-	123	2,359	-
Total	**102,985**	**92,898**	**100,157**	**71,774**
Trade payables				
USD	63,663	34,180	44,591	59,734
RM	1,929	1,359	1,640	2,248
Others [(1)]	37	68	87	309
Total	**65,629**	**35,607**	**46,318**	**62,291**

Note:

(1) Includes Euro, JPY, GBP, SGD, AUD and CNY.

In addition, we have borrowings denominated in USD and RM as follows:

	FYE 31 January			As at
	2019	**2020**	**2021**	**31 August 2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
USD	60,426	65,159	65,955	61,903
RM	23,549	62,520	70,362	65,293
Total	**83,975**	**127,679**	**136,317**	**127,196**

Our revenue and purchases in USD are naturally hedged as the bulk of transactions are conducted in USD where we also maintain USD bank accounts and borrowings in USD for our business operations. For the FYEs 31 January 2019 and 31 January 2020, and FPE 31 August 2021, we had a net loss on foreign currency exchange and a net gain for the FYE 31 January 2021.

Details of our foreign currency exchange gains and losses are as follows:

	FYE 31 January			FPE 31
	2019	**2020**	**2021**	**August 2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Realised gain on foreign currency exchange	-	-	770	-
Unrealised gain on foreign currency exchange	79	-	-	-
Realised loss on foreign currency exchange	(899)	(195)	-	(713)
Unrealised loss on foreign currency exchange	-	(317)	(371)	(63)
Net (loss)/gain on foreign currency exchange	**(820)**	**(512)**	**399**	**(776)**

Nevertheless, our business is subject to risks relating to any unfavourable foreign currency exchange rate fluctuations which may materially affect our financial performance. For further details, see Section 5.1.7 of this Prospectus. As at the LPD, we do not have any foreign currency forward hedging contracts.

Interest rate risk

All our borrowings are interest bearing obligations. Any hikes in interest rates would affect our financial performance. Our finance cost mainly comprises interest charges on banking facilities including OFCL, bankers' acceptance, finance lease liabilities, term loans, and bank overdraft that are granted by bank and financial institutions.

With the exception of the term loan for dividend payment, all our borrowings were charged based on fixed rates. The term loan for dividend payment was based on prevailing bank's base lending rate or base financing rate plus/minus a margin agreed with the banking institutions when the loan was granted.

In this respect, we face financial risks relating to change in the fair value of our fixed rate instruments due to changes in interest rates and change in cash flows for our floating rate instruments due to changes in increase in interest rates.

For the FYE Under Review, FPE 31 August 2021 and up to the LPD, we have not defaulted on any payments of either principal sums and/or interests in relation to our borrowings. For further details, see Section 5.2.4 of this Prospectus.

Equity price risk

Market price risk is the risk that the fair value or future cash flows of our financial assets designated at fair value through profit or loss will fluctuate because of changes in market prices. Equity price risk arises from investment held by our Group which are the equity securities quoted in foreign country.

Our management monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by our Board.

The equity investments were recorded at fair value of RM2.48 million as at 31 August 2021. As at the LPD, our Group no longer hold any investments in quoted shares listed on a foreign exchange as the quoted shares have been transferred to our shareholder, MSH, by way of a dividend in specie as part settlement of the dividend declared by BCM Electronics for the FYE 31 January 2022 of RM3.3 million. For further details, see Section 12.5 of this Prospectus.

12.3 CAPITALISATION AND INDEBTEDNESS

The table below presents our capitalisation and indebtedness as at 30 September 2021 and on the assumption that our IPO, our Listing and the use of proceeds from the Public Issue as set out in Section 4.7 of this Prospectus had occurred on 30 September 2021.

The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 30 September 2021 and is provided for illustrative purposes only.

	Unaudited	
	As at 30 September 2021	**After our IPO and our Listing**
	RM'000	**RM'000**
Indebtedness		
Current		
Secured		
Bankers' acceptances and OFCL	87,732	87,732
Revolving credit	10,000	10,000
Term loans	23,347	1,339
Finance lease liabilities	1,671	-
Non-current		
Secured		
Term loans	5,515	4,428
Finance lease liabilities	4,754	-
Total indebtedness	**133,019**	**103,499**
Equity attributable to owners of our Company	**95,585**	**193,234**(1)
Total capitalisation and indebtedness	**228,604**	**296,733**

Note:

(1) Calculated after taking into account the share issuance, the Public Issue based on the Retail Price and the estimated expenses relating to our IPO and our Listing.

12.4 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

GrantThornton

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

Grant Thornton Malaysia PLT
Level 5, Menara BHL
51 Jalan Sultan Ahmad Shah
10050 Penang
Malaysia

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Date: 12 November 2021

The Board of Directors
Aurelius Technologies Berhad
Plot 21, Jalan Hi-Tech 4,
Kulim Hi-Tech Park Phase 1,
09090 Kulim,
Kedah Darul Aman

Dear Sirs/Madams,

AURELIUS TECHNOLOGIES BERHAD ("ATECH" OR "THE COMPANY" AND ITS SUBSIDIARY ("ATECH GROUP" OR "THE COMBINING ENTITIES")

REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of pro forma combined statements of financial position of ATech Group as at 31 August 2021 together with the accompanying notes thereon, for which we have stamped for the purpose of identification. The pro forma combined statements of financial position have been compiled by the Board of Directors of the Company for inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma combined statements of financial position are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and described in Note 1 to the pro forma combined statements of financial position ("Applicable Criteria").

The pro forma combined statements of financial position have been compiled by the Board of Directors to illustrate the impact of the events or transactions as set out in the notes thereon to the pro forma combined statements of financial position of ATech Group as at 31 August 2021 had the events been occurred or the transactions been undertaken on 31 August 2021. As part of this process, information about the Combining Entities' combined statements of financial position has been extracted by the Board of Directors from the audited combined financial statements of the Combining Entities for the financial year ended 31 August 2021, on which a reporting accountants' report dated 12 November 2021 has been issued without any modification.

Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The Board of Directors is responsible for compiling the pro forma combined statements of financial position on the basis of the Applicable Criteria.

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Grant Thornton Malaysia PLT [201906003682 (LLP0022494-LCA) & AF 0737] is a Limited Liability Partnership and is a member firm of Grant Thornton International Ltd (GTIL), a private company limited by guarantee, incorporated in England and Wales.

Grant Thornton Malaysia PLT was registered on 1 January 2020 and with effect from that date, Grant Thornton Malaysia (AF 0737), a conventional partnership was converted to a Limited Liability Partnership.

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Our Independence and Quality Control

We are independent of ATech Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies *International Standard on Quality Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the pro forma combined statements of financial position has been compiled, in all material respects, by the Board of Directors of the Company on the basis of the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma combined statements of financial position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma combined statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined statements of financial position.

The purpose of the pro forma combined statements of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of ATech Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors in the compilation of the pro forma combined statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

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Reporting Accountants' Responsibilities (Cont'd)

- The pro forma combined statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the ATech Group, the events or transactions in respect of which the pro forma combined statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma combined statements of financial position of ATech Group have been compiled, in all material respects, on the basis of the Applicable Criteria.

Other matter

This report has been prepared solely for inclusion in the Prospectus of ATech in connection with the Proposed Listing. As such, this report should not be used or relied upon for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

Grant Thornton Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants

Loo Wei Teng
No. 03487/03/2022 J
Chartered Accountant

Penang

AURELIUS TECHNOLOGIES BERHAD AND ITS SUBSIDIARY
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2021

The pro forma combined statements of financial position of ATech Group as at 31 August 2021 as set out below have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 2 to the pro forma combined statements of financial position, had the events been occurred or the transactions been undertaken on 31 August 2021, and should be read in conjunction with the notes accompanying to the pro forma combined statements of financial position.

			Pro Forma I		Pro Forma II		Pro Forma III
	As at 31 August 2021	Pre-IPO Restructuring and Pre-IPO Dividend	After Pre-IPO Restructuring and Pre-IPO Dividend	Proposed Public Issue ("IPO")	After Pro Forma I and Proposed Public Issue ("IPO")	Proposed Use of Proceeds from IPO	After Pro Forma II and Proposed Use of Proceeds from IPO
	RM	RM	RM	RM	RM	RM	RM
ASSETS							
Non-current asset							
Property, plant and equipment	-	62,898,092	62,898,092	-	62,898,092	40,000,000	102,898,092
Current assets							
Inventories	-	110,602,406	110,602,406	-	110,602,406	-	110,602,406
Trade receivables	-	71,774,297	71,774,297	-	71,774,297	-	71,774,297
Other receivables, deposits and prepayments	-	5,644,643	5,644,643	-	5,644,643	(1,742,461)	3,902,182
Contract assets	-	33,824,364	33,824,364	-	33,824,364	-	33,824,364
Fixed deposits with licensed banks	-	5,898,624	5,898,624	-	5,898,624	-	5,898,624
Cash and bank balances	2,001	15,371,731	15,373,732	104,733,600	120,107,332	(74,862,539)	45,244,793
Total current assets	2,001		243,118,066		347,851,666		271,246,666
Total assets	2,001		306,016,158		410,749,758		374,144,758
EQUITY AND LIABILITIES							
Equity							
Share capital	1	84,351,000	84,351,001	104,733,600	189,084,601	(6,237,000)	182,847,601
Merger deficit	-	(38,486,932)	(38,486,932)	-	(38,486,932)	-	(38,486,932)
Revaluation reserve	-	6,453,833	6,453,833	-	6,453,833	-	6,453,833
Retained profits	-	41,929,932	41,929,932	-	41,929,932	(848,000)	41,081,932
Total equity	1		94,247,834		198,981,434		191,896,434

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AURELIUS TECHNOLOGIES BERHAD AND ITS SUBSIDIARY
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2021

The pro forma combined statements of financial position of ATech Group as at 31 August 2021 as set out below have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 2 to the pro forma combined statements of financial position, had the events been occurred or the transactions been undertaken on 31 August 2021, and should be read in conjunction with the notes accompanying to the pro forma combined statements of financial position. (cont'd)

			Pro Forma I		Pro Forma II		Pro Forma III
	As at 31 August 2021	Pre-IPO Restructuring and Pre-IPO Dividend	After Pre-IPO Restructuring and Pre-IPO Dividend	Proposed Public Issue ("IPO")	After Pro Forma I and Proposed Public Issue ("IPO")	Proposed Use of Proceeds from IPO	After Pro Forma II and Proposed Use of Proceeds from IPO
	RM	RM	RM	RM	RM	RM	RM
LIABILITIES							
Non-current liabilities							
Borrowings	-	12,351,908	12,351,908	-	12,351,908	(7,512,000)	4,839,908
Deferred tax liabilities	-	6,966,000	6,966,000	-	6,966,000	-	6,966,000
Total non-current liabilities	-		19,317,908		19,317,908		11,805,908
Current liabilities							
Trade payables	-	62,291,486	62,291,486	-	62,291,486	-	62,291,486
Other payables and accruals	2,000	14,631,431	14,633,431	-	14,633,431	-	14,633,431
Borrowings	-	114,843,995	114,843,995	-	114,843,995	(22,008,000)	92,835,995
Provision for taxation	-	681,504	681,504	-	681,504	-	681,504
Total current liabilities	2,000		192,450,416		192,450,416		170,442,416
Total liabilities	2,000		211,768,324		211,768,324		182,248,324
Total equity and liabilities	2,001		306,016,158		410,749,758		374,144,758
Number of shares in issue (Unit)	1	281,169,999	281,170,000	77,010,000	358,180,000	-	358,180,000
Net assets per share	1.00		0.34		0.56		0.54
Borrowings	-		127,195,903		127,195,903		97,675,903
Gearing ratio (times)	-		1.35		0.64		0.51

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AURELIUS TECHNOLOGIES BERHAD AND ITS SUBSIDIARY

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2021

1. BASIS OF PREPARATION

The applicable criteria in the preparation of the pro forma combined statements of financial position is in accordance with Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The pro forma combined statements of financial position of Aurelius Technologies Berhad ("ATech" or "the Company") and its subsidiary ("ATech Group" or "the Combining Entities") as at 31 August 2021 together with the notes thereon, for which the Board of Directors of the Company is solely responsible, have been prepared for illustration purposes only for the purpose of inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing").

The pro forma combined statements of financial position have been prepared based on the audited combined financial statements of the Combining Entities for the financial year ended 31 August 2021, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and in a manner consistent with the format of financial statements and the accounting policies of ATech Group, and adjusted for the impacts of the events and transactions as set out in Note 2 to the pro forma combined statements of financial position had the events been occurred or the transactions been undertaken on 31 August 2021. The pro forma combined statements of financial position is not necessarily indicative of the financial position that would have been attained had the Proposed Listing actually occurred at the respective dates and such information does not purport to predict the future financial position of ATech Group.

The auditors' report on the audited combined financial statements of the Combining Entities for the financial year ended 31 August 2021 used in the preparation of the pro forma combined statements of financial position was not subject to any audit qualification.

2. LISTING SCHEME

(i) Pro Forma I: Pre-IPO Restructuring and Pre-IPO Dividend

(a) <u>Acquisition of BCM Electronics Corporation Sdn. Bhd. ("BCM Electronics")</u>

The Company acquired the entire equity interest of BCM Electronics for a total purchase consideration of RM84,351,000 to be satisfied via the issuance of 281,169,999 new ordinary shares at an issue price of RM0.30 per share.

(b) <u>Pre-IPO Dividend</u>

On 30 June 2021, the Company has declared an interim dividend amounting to RM3,286,988 for the financial year ending 31 January 2022. The interim dividend has been paid by way of cash dividend of RM555,934 and in specie of quoted shares outside Malaysia of RM2,731,054. Fair value gain on investment in quoted shares outside Malaysia amounting to RM255,056 has been recorded subsequent to the dividend in specie.

(ii) Pro Forma II: Proposed Public Issue ("IPO")

<u>Public Issue</u>

The IPO involves a public issue of 77,010,000 new ordinary shares in ATech at an indicative issue price of RM1.36 per share.

In conjunction with the IPO, the Company would seek the listing and quotation of its entire enlarged issued share capital comprising 358,180,000 ordinary shares in ATech on the Main Market of Bursa Malaysia Securities Berhad.

FOR IDENTIFICATION PURPOSES ONLY

AURELIUS TECHNOLOGIES BERHAD AND ITS SUBSIDIARY

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2021

2. **LISTING SCHEME (Cont'd)**

(ii) **Pro Forma II: Proposed Public Issue ("IPO") (Cont'd)**

Offer for Sale

The Offer for Sale comprises an offer for sale of up to 26,860,000 shares by the existing shareholders of the Company ("Selling Shareholders") at an indicative price of RM1.36 per share.

The Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to approximately RM36,529,600 will accrue entirely to the Selling Shareholders.

(iii) **Pro Forma III: Proposed Use of Proceeds from IPO**

Gross proceeds from the IPO of RM104,733,600 are expected to be used as follows:

Details of use	**Estimated timeframe for use**	**RM**	**%**
Purchase of new machinery and equipment	within 24 months [(1)]	40,000,000	38.19
Repayment of bank borrowings	within 6 months [(1)]	29,520,000	28.19
Working capital	within 36 months [(1)]	28,128,600	26.86
Estimated listing expenses*	within 6 months [(1)]	7,085,000	6.76
Total		**104,733,600**	**100.00**

(1) From the date of listing of ATech shares.

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

The listing expenses are estimated at RM7,085,000 and will be set off against the share capital by RM6,237,000 and profit or loss by RM848,000 respectively.

Out of total estimated listing expenses of RM7,085,000, an amount of RM1,742,461 has been paid and recorded in the prepayments account. It will be charged out from prepayments account accordingly.

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12.5 DIVIDEND POLICY

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to consider various factors including:

(i) the level of our cash, gearing, return on equity and retained earnings;

(ii) our projected levels of capital expenditure and other growth/investment plans; and

(iii) applicable restrictive covenants (if any) under future financing documents.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiary. Distributions by our subsidiary will depend upon its operating results, earnings, capital requirements, general financial condition and other relevant factors.

We target a payout ratio of 20% of our PAT attributable to owners of our Company of each financial year on a consolidated basis after taking into account our Group's working capital requirements, subject to any applicable law and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

There are no dividend restrictions imposed on us or our subsidiary as at the LPD pursuant to any covenants under our financing documents.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modifications (including non-declaration thereof) at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. See Section 5 of this Prospectus for factors which may affect or restrict our ability to pay dividends.

The following table sets out the dividends declared and/or paid by BCM Electronics for the FYE Under Review, FPE 31 August 2021 and up to the LPD, and the corresponding dividend payout ratio:

	FYE 31 January			**FPE 31 August**	**From 1 September 2021**
	2019	**2020**	**2021**	**2021**	**up to the LPD**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Dividends declared and/or paid	54,235	38,622	4,930	3,287	-
PAT	23,881	23,596	15,096	13,203	-
Dividend payout ratio[(1)] (%)	227.1	163.7	32.7	24.9	-

Note:

(1) Computed based on dividends declared and/or paid divided by PAT.

For the FYE 31 January 2019, the dividend payment of RM54.2 million to MSH was funded entirely by internally generated funds. For the FYE 31 January 2020, the dividend payment of RM38.6 million to MSH was mainly funded by the drawdown of a term loan amounting to RM33.0 million. For the FYE 31 January 2021, the dividend payment of RM4.9 million to MSH was funded entirely by internally generated funds. BCM Electronics had declared dividend for the FYE 31 January 2022 of RM3,286,987.80 which was paid to MSH in October 2021. Of the RM3.3 million, RM2.7 million was funded by way of a dividend in specie of quoted shares listed on a foreign exchange while the remaining RM0.6 million was funded by BCM Electronics' internally generated funds.

All the dividends were paid out of the retained earnings of BCM Electronics in accordance with Section 131(1) of the Act.

For the avoidance of doubt, neither our Company nor our subsidiary will be declaring any or further dividend for the FYE 31 January 2022.

AURELIUS TECHNOLOGIES BERHAD
Registration No. 202101005015 (1405314-D)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL PERIODS ENDED
31 AUGUST 2021 AND 31 AUGUST 2020
AND FINANCIAL YEARS ENDED
31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

GrantThornton

Date: 12 November 2021

The Board of Directors
Aurelius Technologies Berhad
Plot 21, Jalan Hi-Tech 4,
Kulim Hi-Tech Park Phase 1,
09090 Kulim,
Kedah Darul Aman

Grant Thornton Malaysia PLT
Level 5, Menara BHL
51 Jalan Sultan Ahmad Shah
10050 Penang
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Dear Sirs/Madams,

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Aurelius Technologies Berhad

Opinion

We have audited the combined financial statements of Aurelius Technologies Berhad (the "Company" or "ATech") and its combining entity, BCM Electronics Corporation Sdn Bhd, (collectively known as "the Group") which comprise the combined statements of financial position as at 31 August 2021, 31 January 2021, 31 January 2020 and 31 January 2019, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial period/years then ended and notes to the combined financial statements, including a summary of accounting policies, as set out on pages 4 to 53.

The combined financial statements have been prepared for inclusion in the prospectus of ATech in connection with the listing of and quotation for the entire issued share capital of ATech on the Main Market of Bursa Malaysia Securities Berhad. This report is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purposes.

In our opinion, the accompanying combined financial statements give a true and fair view of the combined financial position of the Group as at 31 August 2021, 31 January 2021, 31 January 2020 and 31 January 2019 and of its combined financial performance and combined cash flows for the financial period/years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Audit | Tax | Advisory

Chartered Accountants
Grant Thornton Malaysia PLT (201906003682 (LLP0022494-LCA) & AF 0737) is a Limited Liability Partnership and is a member firm of Grant Thornton International Ltd (GTIL), a private company limited by guarantee, incorporated in England and Wales.
Grant Thornton Malaysia PLT was registered on 1 January 2020 and with effect from that date, Grant Thornton Malaysia (AF 0737), a conventional partnership was converted to a Limited Liability Partnership.

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Responsibilities of the Directors for the Combined Financial Statements

The directors of the ATech are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountants' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicated with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Other matters

The comparative information in respect of the combined statements of comprehensive income, combined statements of changes in equity, combined statements of cash flows and related notes to the combined financial statements for the financial period ended 31 August 2020 has not been audited.

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of ATech in connection with the listing of and quotation for the entire enlarged issued share capital of ATech on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

Grant Thornton Malaysia PLT	**Loo Wei Teng**
AF: 0737	**No. 03487/03/2022 J**
201906003682 (LLP0022494-LCA)	**Chartered Accountant**
Chartered Accountants	

Penang

3

AURELIUS TECHNOLOGIES BERHAD
Registration No. 202101005015 (1405314-D)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2021, 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019

		Audited			
	NOTE	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
ASSETS					
Non-current asset					
Property, plant and equipment	4	62,898,092	56,197,987	47,208,644	39,125,719
Current assets					
Inventories	5	110,602,406	72,532,081	64,430,600	75,103,916
Trade receivables	6	71,774,297	100,157,289	92,897,704	102,985,261
Other receivables, deposits and prepayments	7	5,644,643	2,457,415	2,601,117	2,755,898
Contract assets	8	33,824,364	25,173,083	9,785,625	11,171,307
Amount due from corporate shareholder	9	-	-	-	10,000
Investment	10	2,475,998	2,731,054	-	-
Fixed deposits with licensed banks	11	5,898,624	5,206,652	5,082,850	2,464,300
Cash and bank balances	12	15,929,666	17,108,571	27,404,164	16,973,845
		246,149,998	225,366,145	202,202,060	211,464,527
TOTAL ASSETS		309,048,090	281,564,132	249,410,704	250,590,246
EQUITY AND LIABILITIES					
Share capital	13	45,864,069	45,864,068	45,864,068	45,864,068
Revaluation reserve	14	6,453,833	6,563,220	5,550,782	5,550,782
Retained profits		41,674,876	31,649,774	20,915,434	35,941,326
Total equity		93,992,778	84,077,062	72,330,284	87,356,176
Non-current liabilities					
Borrowings	15	12,351,908	26,125,501	39,766,723	211,094
Deferred tax liabilities	16	6,966,000	5,068,000	3,301,000	2,780,000
		19,317,908	31,193,501	43,067,723	2,991,094
Current liabilities					
Trade payables	17	62,291,486	46,318,082	35,607,180	65,629,277
Other payables and accruals	18	17,920,419	9,587,308	7,653,634	8,734,361
Borrowings	15	114,843,995	110,191,762	87,912,049	83,763,682
Provision for taxation		681,504	196,417	2,839,834	2,115,656
		195,737,404	166,293,569	134,012,697	160,242,976
Total liabilities		215,055,312	197,487,070	177,080,420	163,234,070
TOTAL EQUITY AND LIABILITIES		309,048,090	281,564,132	249,410,704	250,590,246

AURELIUS TECHNOLOGIES BERHAD
Registration No. 202101005015 (1405314-D)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2021 AND 31 AUGUST 2020 AND FINANCIAL YEARS ENDED 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019

	NOTE	Audited 1.2.2021 to 31.8.2021 (7 months) RM	Unaudited 1.2.2020 to 31.8.2020 (7 months) RM	Audited 1.2.2020 to 31.1.2021 (12 months) RM	Audited 1.2.2019 to 31.1.2020 (12 months) RM	Audited 1.2.2018 to 31.1.2019 (12 months) RM
Revenue	19	200,037,506	185,616,333	362,165,317	389,305,417	358,171,456
Cost of sales		(175,528,062)	(172,542,750)	(332,092,384)	(343,100,470)	(315,384,240)
Gross profit		24,509,444	13,073,583	30,072,933	46,204,947	42,787,216
Other income		199,157	1,094,960	1,200,645	275,306	441,484
Administrative expenses		(5,409,393)	(4,809,360)	(9,113,932)	(9,733,890)	(8,942,724)
Selling and distribution expenses		(119,883)	(106,357)	(201,851)	(363,458)	(633,191)
Operating profit		19,179,325	9,252,826	21,957,795	36,382,905	33,652,785
Finance costs		(2,260,622)	(2,487,660)	(4,138,574)	(4,006,327)	(2,612,379)
Profit before tax	20	16,918,703	6,765,166	17,819,221	32,376,578	31,040,406
Income tax expense	22	(3,716,000)	(1,509,210)	(2,723,710)	(8,780,363)	(7,159,272)
Profit for the financial period/year		13,202,703	5,255,956	15,095,511	23,596,215	23,881,134
Total other comprehensive income, net of tax:						
Items that will not be reclassified subsequently to profit or loss:						
Revaluation of leasehold land and building, net		-	-	1,581,749	-	-
Transfer of revaluation surplus to retained profits		109,387	-	569,311	-	-
Realisation of revaluation surplus upon depreciation		(109,387)	-	(569,311)	-	-
		-	-	1,581,749	-	-
Total comprehensive income for the financial period/year		13,202,703	5,255,956	16,677,260	23,596,215	23,881,134
Basic/Diluted earnings per share (sen)	23	40.17	15.99	45.93	71.79	72.65

AURELIUS TECHNOLOGIES BERHAD
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COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2021 AND 31 AUGUST 2020 AND FINANCIAL YEARS ENDED 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019

	NOTE	Share Capital RM	Non-distributable Revaluation Reserve RM	Distributable Retained Profits RM	Total Equity RM
Audited					
31.8.2021					
Balance at beginning		45,864,068	6,563,220	31,649,774	84,077,062
Total comprehensive income for the financial period		-	(109,387)	13,312,090	13,202,703
Transactions with owner:					
Allotment of share	13	1	-	-	1
Dividends	24	-	-	(3,286,988)	(3,286,988)
		1	-	(3,286,988)	(3,286,987)
Balance at end		45,864,069	6,453,833	41,674,876	93,992,778
31.1.2021					
Balance at beginning		45,864,068	5,550,782	20,915,434	72,330,284
Total comprehensive income for the financial year		-	1,012,438	15,664,822	16,677,260
Transaction with owner:					
Dividends	24	-	-	(4,930,482)	(4,930,482)
Balance at end		45,864,068	6,563,220	31,649,774	84,077,062
31.1.2020					
Balance at beginning		45,864,068	5,550,782	35,941,326	87,356,176
Total comprehensive income for the financial year		-	-	23,596,215	23,596,215
Transaction with owner:					
Dividends	24	-	-	(38,622,107)	(38,622,107)
Balance at end		45,864,068	5,550,782	20,915,434	72,330,284

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COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2021 AND 31 AUGUST 2020 AND FINANCIAL YEARS ENDED 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019

	NOTE	Share Capital RM	Non-distributable Revaluation Reserve RM	Distributable Retained Profits RM	Total Equity RM
31.1.2019					
Balance at beginning		45,864,068	5,550,782	66,295,491	117,710,341
Total comprehensive income for the financial year		-	-	23,881,134	23,881,134
Transaction with owner:					
Dividends	24	-	-	(54,235,299)	(54,235,299)
Balance at end		45,864,068	5,550,782	35,941,326	87,356,176
Unaudited					
31.8.2020					
Balance at beginning		45,864,068	5,550,782	20,915,434	72,330,284
Total comprehensive income for the financial period		-	-	5,255,956	5,255,956
Balance at end		45,864,068	5,550,782	26,171,390	77,586,240

AURELIUS TECHNOLOGIES BERHAD
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COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2021 AND 31 AUGUST 2020 AND FINANCIAL YEARS ENDED 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019

	NOTE	Audited 1.2.2021 to 31.8.2021 (7 months) RM	Unaudited 1.2.2020 to 31.8.2020 (7 months) RM	Audited 1.2.2020 to 31.1.2021 (12 months) RM	Audited 1.2.2019 to 31.1.2020 (12 months) RM	Audited 1.2.2018 to 31.1.2019 (12 months) RM
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		16,918,703	6,765,166	17,819,221	32,376,578	31,040,406
Adjustments for:						
Depreciation of property, plant and equipment		3,016,611	2,406,453	4,494,046	3,067,379	2,612,114
Fair value loss on investment in quoted shares		217,050	10,531	636,022	-	-
(Gain)/Loss on disposal of property, plant and equipment		(8,902)	5,250	(2,661)	86,151	-
Interest expense		2,260,622	2,487,660	4,138,574	4,006,327	2,612,379
Interest income		(75,893)	(131,121)	(202,522)	(178,110)	(275,306)
Inventories written off		-	-	-	-	2,427,469
Property, plant and equipment written off		-	-	4,908	-	690
(Reversal of)/Inventories written down		-	-	(473,237)	(69,895)	29,681
Unrealised loss/(gain) on foreign exchange		62,585	(187,905)	370,725	317,023	(79,221)
Operating profit before working capital changes		22,390,776	11,356,034	26,785,076	39,605,453	38,368,212
Changes in:						
Inventories		(38,070,325)	(10,379,958)	(7,628,244)	10,743,211	(23,597,514)
Receivables		24,966,728	17,302,768	(8,193,497)	8,941,008	(35,243,407)
Contract assets		(9,147,383)	(15,917,462)	(15,387,458)	1,385,682	(6,719,919)
Payables		21,425,890	16,355,741	12,812,447	(30,883,606)	40,257,526
Cash generated from operations		21,565,686	18,717,123	8,388,324	29,791,748	13,064,898
Income tax paid		(1,332,913)	(1,664,166)	(4,100,857)	(8,057,913)	(4,990,454)
Income tax refunded		-	1,230	1,230	522,728	-
Interest paid		(2,260,622)	(2,487,660)	(4,138,574)	(4,006,327)	(2,612,379)
Net cash from operating activities		17,972,151	14,566,527	150,123	18,250,236	5,462,065
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		28,921	59,988	78,720	178,110	275,306
Placement of fixed deposits pledged to licensed banks		(645,000)	-	-	(2,618,550)	(79,285)
Net additions of investment		-	(3,092,343)	(3,187,242)	-	-
Proceeds from disposal of property, plant and equipment		8,902	83,862	13,911	22,394	-
Purchase of property, plant and equipment	A	(9,716,716)	(11,008,118)	(11,418,298)	(2,966,081)	(1,178,251)
Net cash used in investing activities		(10,323,893)	(13,956,611)	(14,512,909)	(5,384,127)	(982,230)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid		-	-	(4,930,482)	(38,622,107)	(54,235,299)
Proceeds from issuance of share		1	-	-	-	-
Repayment of finance lease liabilities	C	(938,372)	(528,315)	(831,808)	(231,852)	(80,362)
Drawdown of term loan	C	-	-	7,104,971	33,000,000	-
Repayment of term loan	C	(9,087,320)	-	(214,304)	-	-
Net change in bankers acceptances and OFCL	C	(3,795,338)	(1,594,558)	2,888,167	3,408,169	30,492,997
Net change in revolving credit	C	5,000,000	-	-	-	-
Net change in holding company's balance		-	-	-	10,000	(10,000)
Net change in director's account		-	-	-	-	(10,000)
Net cash (used in)/from financing activities		(8,821,029)	(2,122,873)	4,016,544	(2,435,790)	(23,842,664)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,172,771)	(1,512,957)	(10,346,242)	10,430,319	(19,362,829)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE		(6,134)	(274,913)	50,649	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING		17,108,571	27,404,164	27,404,164	16,973,845	36,336,674
CASH AND CASH EQUIVALENTS AT END	B	15,929,666	25,616,294	17,108,571	27,404,164	16,973,845

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COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2021 AND 31 AUGUST 2020 AND FINANCIAL YEARS ENDED 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019

	NOTE	Audited 1.2.2021 to 31.8.2021 (7 months) RM	Unaudited 1.2.2020 to 31.8.2020 (7 months) RM	Audited 1.2.2020 to 31.1.2021 (12 months) RM	Audited 1.2.2019 to 31.1.2020 (12 months) RM	Audited 1.2.2018 to 31.1.2019 (12 months) RM
A. Purchase of property, plant and equipment						
Total acquisition cost		9,716,716	11,008,118	11,418,298	11,258,849	1,498,251
Acquired under finance lease liabilities	C	-	-	-	(8,292,768)	(320,000)
Total cash acquisition		9,716,716	11,008,118	11,418,298	2,966,081	1,178,251
B. Cash and cash equivalents						
Fixed deposits with licensed banks		5,898,624	5,153,983	5,206,652	5,082,850	2,464,300
Cash and bank balances		15,929,666	25,616,294	17,108,571	27,404,164	16,973,845
		21,828,290	30,770,277	22,315,223	32,487,014	19,438,145
Less: Fixed deposits pledged with licensed banks		(5,898,624)	(5,153,983)	(5,206,652)	(5,082,850)	(2,464,300)
		15,929,666	25,616,294	17,108,571	27,404,164	16,973,845

C. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the combined statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Cash flows RM	Unrealised gain on foreign exchange RM	Balance at end RM
Audited				
31.8.2021				
Borrowings, representing total liabilities arising from financing activities	136,317,263	(8,821,030)	(300,330)	127,195,903
31.1.2021				
Borrowings, representing total liabilities arising from financing activities	127,678,772	8,947,026	(308,535)	136,317,263
31.1.2020				
Borrowings, representing total liabilities arising from financing activities	83,974,776	44,469,085	(765,089)	127,678,772
31.1.2019				
Borrowings, representing total liabilities arising from financing activities	54,313,446	30,732,635	(1,071,305)	83,974,776
Unaudited				
31.8.2020				
Borrowings, representing total liabilities arising from financing activities	127,678,772	(2,122,873)	(1,369,256)	124,186,643

Aurelius Technologies Berhad
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NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Introduction

This report has been prepared solely to comply with the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of **Aurelius Technologies Berhad** (the "Company" or "ATech") in connection with the listing of and quotation for the entire enlarged issued share capital of ATech on the Main Market of Bursa Malaysia Securities Berhad (hereinafter defined as "the Listing") and should not be relied upon for any other purposes.

1.2 Background

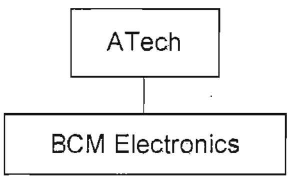
ATech was incorporated on 9 February 2021 under the Companies Act 2016 in Malaysia as a private limited company and domiciled in Malaysia. The Company was subsequently converted into a public limited company on 8 July 2021.

The registered office of the Company is located at Level 19-1, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur. The principal place of business is located at Plot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Park Phase 1, 09090 Kulim, Kedah Darul Aman.

The Company was incorporated for the purpose of acting as the vehicle for the listing of BCM Electronics Corporation Sdn. Bhd. ("BCM Electronics") on the Main Market of Bursa Malaysia Securities Berhad. BCM Electronics was incorporated in Malaysia on 20 August 1993.

On 3 November 2021, ATech has acquired the entire issued share capital of BCM Electronics comprising 32,869,878 ordinary shares ("Acquisition"). The purchase consideration for the Acquisition was RM84,351,000 satisfied by the issuance of 281,169,999 new ordinary shares in ATech at an issue price of RM0.30 per share.

Following the completion of the Acquisition, the Group structure is follows:



1.3 Principal activities

ATech's principal activity is investment holding and BCM Electronics is engaged in the provider of electronic manufacturing services ("EMS") focusing on industrial electronic products.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and based on the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants in relation to the Listing.

The combined financial statements consist of the financial statements of the combining entities as disclosed in Note 1.2 to this report, which were under common control throughout the reporting period/years by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting period/years.

The financial information as presented in the combined financial statements reflect business combinations under common control for the purpose of the Listing.

2.2 Basis of Measurement

The combined financial statements of the Group are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial assets takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.4 Functional and Presentation Currency

The combined financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

2.5 Standards Issued But Not Yet Effective

The Group has not applied the following standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective:

Effective for annual period beginning on or after 1 April 2021
Amendments to MFRS 16 Leases: Covid-19 - Related rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022
Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023
MFRS 17 Insurance Contracts
Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date yet to be confirmed
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Revaluation of property, plant and equipment**

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuer to determine fair value as at the end of reporting period.

The carrying amount of the land and buildings as at the end of reporting period and the relevant revaluation bases and fair value, are disclosed in Note 4 to the financial statements.

(ii) **Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, management takes into account the most reliable evidence available at the time the estimate is made. Possible changes in these estimates could result in revisions to the valuation of inventories.

(iii) **Provision for expected credit losses of trade receivables and contract assets**

The Group uses a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar credit risk characteristics.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the expected credit losses on the Group's trade receivables is disclosed in Note 28.3 to the financial statements.

3. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these combined financial statements unless otherwise indicated below.

3.1 Basis of Combination

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that controls ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

(ii) Acquisition from entity under common control

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Property, Plant and Equipment

Property, plant and equipment, except for land and building, are initially stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period/year in which they are incurred.

Land and buildings are measured at fair value less accumulated depreciation and impairment loss, if any. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluation of land and building is recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Leasehold land and building are depreciated on a straight line basis over the remaining lease period of the land of 35 years.

Depreciation on other property, plant and equipment is calculated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Plant and machinery	10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use. Gains or losses arising from the disposal of property, plant and equipment are recognised in profit or loss.

3.3 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>As a lessee</u>

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group has only short-term leases and leases of low-value assets as at the end of the reporting period.

Short term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of hostel and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3.4 Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) if no impairment loss had been recognised in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value and after adequate allowance is made for any obsolete and slow moving items.

Cost of work-in-progress and finished goods include direct materials, direct labour and an appropriate proportion of manufacturing overheads.

Cost of all inventories is determined on the first-in, first-out basis.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

3.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 **Financial assets**

(i) **Initial recognition and measurement**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that does not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition.

In order for a financial asset to be classified and measured at amortised cost ("AC") or fair value through other comprehensive income ("FVOCI"), it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at AC are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(ii) **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified into three categories:

- Financial assets at amortised cost (debt instruments) ("AC")
- Financial assets at fair value through profit or loss ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
    - with recycling of cumulative gains and losses to profit or loss (debt instruments)
    - with no recycling of cumulative gains and losses to profit or loss upon derecognition (equity instruments)

The Group does not have any financial assets measured at FVOCI as at the end of the reporting periods.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes cash and bank balances, fixed deposits with licensed banks, trade and other receivables, and amount due from corporate shareholder.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the combined statements of financial position at fair value with net changes in fair value recognised in the combined statements of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are recognised as other income in the combined statements of comprehensive income when the right of payment has been established.

The Group's finance assets at FVTPL includes investment.

(iii) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iv) **Impairment**

The Group recognises allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, and lease receivables. ECLs are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether the financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts owing. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

3.6.2 **Financial liabilities**

(i) **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings, trade and other payables.

(ii) **Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

The Group does not have any financial liabilities at fair value through profit or loss as at the end of the reporting period.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the combined statements of comprehensive income.

(iii) **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the combined statements of comprehensive income.

3.6.3 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the combined statements of financial position if, and only if, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7 **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank and demand deposits. Cash and cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.8 **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

3.9 **Revenue**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The performance obligations to recognise revenue are as follows:

(i) **Sale of goods**

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

(ii) **Interest income**

Interest income is recognised as it accrues using the effective interest rate in profit or loss.

3.9.1 **Contract balances**

This refers to the closing balances of the trade receivables and contract assets as at the end of the reporting period.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract assets are recorded when the revenue is recognised prior to invoicing a customer.

Contract assets will be reclassified to trade receivables when the invoicing are issued to the customer. Contract assets are subject to impairment assessment.

3.10 Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that will take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

3.11 Employee Benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial period/year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plan

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

3.12 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial period/year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities and their related tax bases as at the end of the reporting period using the tax rates prevailing at that date.

The deferred tax on the revaluation surplus of the property measured at fair value in accordance with the accounting policy as disclosed in Note 3.2 to the combined financial statements, is recognised using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.13 Foreign Currency Translations

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

3.14 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker, which in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.15 Share Capital, Share Issuance Costs and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared and approved.

3.16 **Contingencies**

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.17 **Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) Has control or joint control over the Group;
(ii) Has significant influence over the Group; or
(iii) Is a member of the key management personnel of the ultimate holding company of the Group, or the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group.
(ii) One entity is an associate or joint venture of the other entity.
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
(vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the ultimate holding company or the Group.
(viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. PROPERTY, PLANT AND EQUIPMENT

	At valuation		At cost				
	Leasehold land RM	Building RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Audited							
31.8.2021							
At valuation/cost							
Balance at beginning	10,000,000	18,000,000	45,413,475	17,702,010	1,471,554	-	92,587,039
Additions	-	-	4,765,646	289,249	-	4,661,821	9,716,716
Disposals	-	-	(3,243,385)	-	-	-	(3,243,385)
Balance at end	10,000,000	18,000,000	46,935,736	17,991,259	1,471,554	4,661,821	99,060,370
Accumulated depreciation							
Balance at beginning	-	-	23,110,601	12,200,700	1,077,751	-	36,389,052
Current charge	163,170	293,706	1,709,860	764,369	85,506	-	3,016,611
Disposals	-	-	(3,243,385)	-	-	-	(3,243,385)
Balance at end	163,170	293,706	21,577,076	12,965,069	1,163,257	-	36,162,278
Carrying amount	9,836,830	17,706,294	25,358,660	5,026,190	308,297	4,661,821	62,898,092
31.1.2021							
At valuation/cost							
Balance at beginning	7,700,000	21,300,000	44,498,595	19,995,013	1,537,554	-	95,031,162
Additions	-	-	9,058,984	2,359,314	-	-	11,418,298
Disposals	-	-	(673,890)	(49,680)	-	-	(723,570)
Revaluation gain/(loss)	2,300,000	(3,300,000)	-	-	-	-	(1,000,000)
Reclassification	-	-	(9,500)	9,500	-	-	-
Written off	-	-	(7,460,714)	(4,612,137)	(66,000)	-	(12,138,851)
Balance at end	10,000,000	18,000,000	45,413,475	17,702,010	1,471,554	-	92,587,039
Accumulated depreciation							
Balance at beginning	599,171	1,757,078	28,812,845	15,666,566	986,858	-	47,822,518
Current charge	192,500	532,500	2,427,927	1,184,226	156,893	-	4,494,046
Disposals	-	-	(673,890)	(38,430)	-	-	(712,320)
Reclassification	-	-	(475)	475	-	-	-
Written off	-	-	(7,455,806)	(4,612,137)	(66,000)	-	(12,133,943)
Elimination of accumulated depreciation on revaluation	(791,671)	(2,289,578)	-	-	-	-	(3,081,249)
Balance at end	-	-	23,110,601	12,200,700	1,077,751	-	36,389,052
Carrying amount	10,000,000	18,000,000	22,302,874	5,501,310	393,803	-	56,197,987

13. ACCOUNTANTS' REPORT *(Cont'd)*

	At valuation		At cost				
	Leasehold land RM	Building RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
31.1.2020							
At valuation/cost							
Balance at beginning	7,700,000	21,300,000	40,477,152	18,726,472	1,158,591	-	89,362,215
Additions	-	-	9,177,995	1,701,891	378,963	-	11,258,849
Disposals	-	-	(5,026,053)	(124,100)	-	-	(5,150,153)
Written off	-	-	(130,499)	(309,250)	-	-	(439,749)
Balance at end	7,700,000	21,300,000	44,498,595	19,995,013	1,537,554	-	95,031,162
Accumulated depreciation							
Balance at beginning	406,671	1,224,578	32,722,212	15,075,816	807,219	-	50,236,496
Current charge	192,500	532,500	1,175,342	987,398	179,639	-	3,067,379
Disposals	-	-	(4,954,210)	(87,398)	-	-	(5,041,608)
Written off	-	-	(130,499)	(309,250)	-	-	(439,749)
Balance at end	599,171	1,757,078	28,812,845	15,666,566	986,858	-	47,822,518
Carrying amount	7,100,829	19,542,922	15,685,750	4,328,447	550,696	-	47,208,644
31.1.2019							
At valuation/cost							
Balance at beginning	7,700,000	21,300,000	40,365,802	17,901,697	804,646	-	88,072,145
Additions	-	-	111,350	1,032,956	353,945	-	1,498,251
Written off	-	-	-	(208,181)	-	-	(208,181)
Balance at end	7,700,000	21,300,000	40,477,152	18,726,472	1,158,591	-	89,362,215
Accumulated depreciation							
Balance at beginning	214,171	692,078	31,845,864	14,439,180	640,580	-	47,831,873
Current charge	192,500	532,500	876,348	844,127	166,639	-	2,612,114
Written off	-	-	-	(207,491)	-	-	(207,491)
Balance at end	406,671	1,224,578	32,722,212	15,075,816	807,219	-	50,236,496
Carrying amount	7,293,329	20,075,422	7,754,940	3,650,656	351,372	-	39,125,719

(a) The leasehold land and building were revalued to fair values based on the valuations performed by independent professional valuers using the cost approach. Had the leasehold land and building been carried under the cost model, the total carrying amounts of their entire classes that would have been recognised in the financial statements are as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Leasehold land	2,306,752	2,345,015	2,410,610	2,476,205
Building	16,409,402	16,681,587	17,148,188	17,614,790
	18,716,154	19,026,602	19,558,798	20,090,995

The fair value measurement of the leasehold land and building which were derived from the valuation carried out in January 2021 and November 2016 is categorised as follows:

	Level 3 RM
31.8.2021	
Leasehold land	10,000,000
Building	18,000,000
31.1.2021	
Leasehold land	10,000,000
Building	18,000,000
31.1.2020	
Leasehold land	7,700,000
Building	21,300,000
31.1.2019	
Leasehold land	7,700,000
Building	21,300,000

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial period/year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the leasehold land and building.

Level 3 fair value of leasehold land and building has been derived using the cost approach. The leasehold land is valued by reference to transactions of similar lands in the surrounding with adjustments made for differences in size, accessibility, frontage, site improvement, tenure if any and other relevant characteristics. The building is valued by reference to their depreciated replacement costs, i.e. the replacement cost less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the building at the date of valuation. The land and building values are the summated to arrive at the fair value.

(b) The carrying amount of leased assets which are pledged as securities for the finance lease liabilities as disclosed in Note 15 to the financial statements are as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Plant and machinery	6,989,621	7,478,894	8,317,649	-
Furniture, fittings and equipment	399,365	442,330	515,984	-
Motor vehicles	308,297	393,803	540,385	289,055
	7,697,283	8,315,027	9,374,018	289,055

(c) The carrying amount of property, plant and equipment which are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 15 to the financial statements are as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Leasehold land and building	27,543,124	28,000,000	26,643,751	27,368,751
Plant and machinery	7,136,198	7,603,053	-	-
	34,679,322	35,603,053	26,643,751	27,368,751

(d) Included in the property, plant and equipment is a motor vehicle with carrying amount of **RM202,113** (31.1.2021: RM246,326; 31.1.2020: RM322,118; 31.1.2019: RMNil) being held by a director in trust for the Group.

(e) The information of right-of-use assets which are included in the property, plant and equipment is as follows:

	Carrying amount RM	**Current depreciation RM**	**Revaluation gain RM**
Audited			
31.8.2021			
Leasehold land, at valuation	9,836,830	163,170	-
Plant and machinery	6,989,621	489,273	-
Furniture, fittings and equipment	399,365	42,965	-
Motor vehicles	308,297	85,506	-
31.1.2021			
Leasehold land, at valuation	10,000,000	192,500	3,091,671
Plant and machinery	7,478,894	838,755	-
Furniture, fittings and equipment	442,330	73,654	-
Motor vehicles	393,803	146,582	-

	Carrying amount RM	Current depreciation RM	Revaluation gain RM
31.1.2020			
Leasehold land, at valuation	7,100,829	192,500	-
Plant and machinery	8,317,649	69,896	-
Furniture, fittings and equipment	515,984	6,138	-
Motor vehicles	540,385	127,633	-
31.1.2019			
Leasehold land, at valuation	7,293,329	192,500	-
Motor vehicles	289,055	70,789	-

5. INVENTORIES

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Raw materials	100,023,998	59,010,442	58,119,503	65,388,437
Work-in-progress	941,695	1,478,612	1,166,528	1,650,418
Finished goods	1,141,082	8,595,244	1,691,767	3,183,121
Goods in transit	8,495,631	3,447,783	3,452,802	4,881,940
	110,602,406	72,532,081	64,430,600	75,103,916

The cost of inventories of the Group recognised in profit or loss during the financial period/year is as follows:

	Audited	Unaudited	Audited		
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Inventories recognised as cost of sales	175,528,062	172,542,750	332,565,621	343,170,365	312,927,090
Inventories written off	-	-	-	-	2,427,469
(Reversal of)/ Inventories written down	-	-	(473,237)	(69,895)	29,681

The reversal of inventories written down was made during the financial period/year when the related inventories were sold above their carrying amounts.

6. TRADE RECEIVABLES

The currency profile of trade receivables is as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Ringgit Malaysia	41,986	314,646	52,250	52,250
United States Dollar	71,732,311	97,483,486	92,722,824	102,933,011
Euro	-	2,359,157	122,630	-
	71,774,297	100,157,289	92,897,704	102,985,261
Normal credit terms (days)	30 - 80	30 - 80	30 - 75	30 - 75

The trade receivables are recognised at their original invoice amounts which represent the fair value on initial recognition.

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Other receivables	214,659	70,083	399,596	690,538
Deposits	41,973	26,973	26,973	26,973
Prepayments	5,388,011	2,360,359	2,051,754	1,633,748
GST recoverable	-	-	122,794	404,639
	5,644,643	2,457,415	2,601,117	2,755,898

The currency profile of other receivables, deposits and prepayments is as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Ringgit Malaysia	5,509,517	2,399,761	2,240,445	2,755,898
United States Dollar	135,126	57,654	360,672	-
	5,644,643	2,457,415	2,601,117	2,755,898

8. CONTRACT ASSETS

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Contract assets arising from revenue recognised during the financial period/year	33,824,364	25,173,083	9,785,625	11,171,307

Contract assets are in respect of goods delivered but not invoiced. Provisions of the contract entered with the customer enables the Group to have the right to invoice goods delivered to the customer's designated point, 60 days from the date of delivery regardless of whether the goods are picked up by the customer. As such, revenue is recognised at the point of delivery since the Group has satisfied all its performance obligations.

9. AMOUNT DUE FROM CORPORATE SHAREHOLDER

The amount due from corporate shareholder was non-trade related, non-interest bearing, unsecured and repayable on demand.

10. INVESTMENT

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Financial assets at fair value through profit or loss:				
Investment in shares quoted outside Malaysia	2,475,998	2,731,054	-	-

The investment is wholly denominated in Australian Dollar.

The fair value of the investment is categorised as Level 1 hierarchy as its market price is quoted in an active market.

11. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks are pledged to financial institutions for the banking facilities granted to the Group as disclosed in Note 15 to the financial statements.

The interest rates per annum and tenure of the fixed deposits with licensed banks are as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Interest rates per annum (%)	1.40 - 1.80	1.40 - 2.50	2.80 - 3.55	3.00 - 3.30
Tenure (month)	1 - 12	1 - 12	1 - 12	1 - 12

12. CASH AND BANK BALANCES

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Cash in hand and at banks	15,929,666	17,108,571	25,404,164	16,973,845
Short term money market deposit	-	-	2,000,000	-
	15,929,666	17,108,571	27,404,164	16,973,845
Short term money market deposit:				
- Interest rate per annum (%)	-	-	2.75	-
- Tenure (days)	-	-	31	-

The currency profile of the cash and bank balances is as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Ringgit Malaysia	6,700,250	6,019,935	8,776,371	12,345,633
United States Dollar	9,191,326	11,066,197	18,613,583	4,607,824
Others	38,090	22,439	14,210	20,388
	15,929,666	17,108,571	27,404,164	16,973,845

13. SHARE CAPITAL

	Number of ordinary shares		
	ATech Unit	BCM Electronic Unit	Total Unit
Issued and fully paid up:			
At 31 January 2019/2020/2021	-	32,869,878	32,869,878
Allotment of share	1	-	1
At 31 August 2021	1	32,869,878	32,869,879

	Amount		
	ATech RM	BCM Electronic RM	Total RM
Issued and fully paid up:			
At 31 January 2019/2020/2021	-	45,864,068	45,864,068
Allotment of share	1	-	1
At 31 August 2021	1	45,864,068	45,864,069

The ordinary shares of BCM Electronics are pledged to a licensed bank for the banking facility granted to Main Stream Holdings Sdn. Bhd. (formerly known as Aurelius Holdings Sdn. Bhd.).

14. REVALUATION RESERVE

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Balance at beginning	6,563,220	5,550,782	5,550,782	5,550,782
Revaluation of leasehold land and building	-	2,081,249	-	-
Realisation of revaluation surplus upon depreciation	(109,387)	(569,311)	-	-
Deferred tax impact on revaluation surplus	-	(499,500)	-	-
Balance at end	6,453,833	6,563,220	5,550,782	5,550,782

This is in respect of revaluation surplus net of deferred tax arising from the revaluation of the Group's leasehold land and buildings and is non-distributable.

15. BORROWINGS

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Non-current liabilities				
Secured:				
Finance lease liabilities				
Minimum payments:				
Within one year	2,001,826	2,019,420	2,007,941	71,400
More than one year and less than two years	1,883,994	1,957,811	2,019,420	71,400
More than two years and less than five years	3,408,179	4,494,763	5,513,776	154,660
	7,293,999	8,471,994	9,541,137	297,460
Future finance charges	(731,553)	(971,176)	(1,208,511)	(25,750)
	6,562,446	7,500,818	8,332,626	271,710
Amount due within one year included under current liabilities	(1,671,846)	(1,629,448)	(1,565,903)	(60,616)
Balance carried forward	4,890,600	5,871,370	6,766,723	211,094

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Balance brought forward	4,890,600	5,871,370	6,766,723	211,094
Term loans				
Total amount repayable				
- fixed rate	6,140,605	6,890,667	-	-
- floating rate	24,662,742	33,000,000	33,000,000	-
	30,803,347	39,890,667	33,000,000	-
Amount due within one year included under current liabilities	(23,342,039)	(19,636,536)	-	-
	7,461,308	20,254,131	33,000,000	-
	12,351,908	26,125,501	39,766,723	211,094
Current liabilities				
Secured:				
Finance lease liabilities	1,671,846	1,629,448	1,565,903	60,616
Term loans	23,342,039	19,636,536	-	-
Bankers acceptances and onshore foreign currency loan ("OFCL")	84,830,110	88,925,778	86,346,146	83,703,066
Revolving credit	5,000,000	-	-	-
	114,843,995	110,191,762	87,912,049	83,763,682
Total borrowings	127,195,903	136,317,263	127,678,772	83,974,776

The borrowings are secured by way of:

(i) legal charges over the Group's leasehold land and building as disclosed in Note 4 to the financial statements;
(ii) legal charges over certain plant and machinery as disclosed in Note 4 to the financial statements;
(iii) debenture over all the Group's present and future assets;
(iv) leased assets as disclosed in Note 4 to the financial statements;
(v) fixed deposits with licensed banks of the Group as disclosed in Note 11 to the financial statements;
(vi) corporate guarantee from the corporate shareholder; and
(vii) joint and several guarantee of the directors of BCM Electronics.

A summary of the effective interest rates and the maturities of the borrowings is as follows:

	Effective Interest rates per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
31.8.2021					
Finance lease liabilities	1.88 to 3.05	6,562,446	1,671,846	1,654,037	3,263,563
* Term loans	4.66 to 5.00	30,803,347	23,342,039	4,055,482	3,405,826
Bankers acceptances and OFCL	1.15 to 2.70	84,830,110	84,830,110	-	-
Revolving credit	3.16	5,000,000	5,000,000	-	-
31.1.2021					
Finance lease liabilities	1.88 to 3.05	7,500,818	1,629,448	1,669,952	4,201,418
* Term loans	4.65 to 5.00	39,890,667	19,636,536	16,021,362	4,232,769
Bankers acceptances and OFCL	1.55 to 3.20	88,925,778	88,925,778	-	-
31.1.2020					
Finance lease liabilities	1.88 to 3.05	8,332,626	1,565,903	1,666,103	5,100,620
* Term loans	6.00	33,000,000	-	18,340,000	14,660,000
Bankers acceptances and OFCL	3.10 to 4.44	86,346,146	86,346,146	-	-
31.1.2019					
Finance lease liabilities	2.31	271,710	60,616	63,523	147,571
Bankers acceptances and OFCL	4.10 to 5.02	83,703,066	83,703,066	-	-

* Included herein is a term loan of **RM24,662,742** (31.1.2021: RM33,000,000; 31.1.2020: RM33,000,000; 31.1.2019: RM Nil) which is repayable over 17 equal monthly instalments of RM1,834,000 each and a final instalment of RM1,822,000, the first of such installments will commence on 30 April 2021.

The currency profile of the borrowings is as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Ringgit Malaysia	65,292,793	70,362,485	62,519,626	23,548,710
United States Dollar	61,903,110	65,954,778	65,159,146	60,426,066
	127,195,903	136,317,263	127,678,772	83,974,776

16. DEFERRED TAX LIABILITIES

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Balance at beginning	5,068,000	3,301,000	2,780,000	2,826,000
Recognised in profit or loss	1,202,383	801,702	286,000	197,000
Recognised in other comprehensive income	-	499,500	-	-
Under/(Over) provision in prior period/year	695,617	465,798	235,000	(243,000)
Balance at end	6,966,000	5,068,000	3,301,000	2,780,000

The deferred tax liabilities as at the end of the reporting period are made up of the temporary differences arising from:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Property, plant and equipment	5,164,704	3,674,039	2,958,476	1,553,645
Provisions	(233,647)	(675,473)	(1,406,831)	(523,000)
Revaluation reserve	2,034,943	2,069,434	1,749,355	1,749,355
	6,966,000	5,068,000	3,301,000	2,780,000

17. TRADE PAYABLES

The currency profile of trade payables is as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Ringgit Malaysia	2,248,449	1,639,771	1,358,773	1,929,498
United States Dollar	59,733,761	44,591,409	34,179,890	63,662,512
Others	309,276	86,902	68,517	37,267
	62,291,486	46,318,082	35,607,180	65,629,277
Normal credit terms (days)	15 - 90	14 - 90	14 - 180	14 - 90

18. OTHER PAYABLES AND ACCRUALS

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Other payables	9,487,201	3,817,414	2,108,601	3,054,553
Debt recovered under litigation (Note 31)	1,694,735	1,694,735	1,694,735	-
Dividend payable	3,286,988	-	-	-
Accruals	3,451,495	4,075,159	3,850,298	5,679,808
	17,920,419	9,587,308	7,653,634	8,734,361

19. REVENUE

19.1 Disaggregated revenue information

	Audited	Unaudited	Audited		
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months RM
Sale of goods	200,037,506	185,616,333	362,165,317	389,305,417	358,171,45

Sales of goods recognised at a point in time, representing total revenue from contracts with customers.

19.2 Geographical markets

	Audited	Unaudited	Audited		
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
United States of America	92,174,403	83,724,274	155,640,783	150,486,783	175,804,915
Malaysia	65,155,602	74,151,481	142,706,581	133,346,083	111,820,250
Singapore	19,622,335	9,086,474	24,972,407	76,796,170	47,602,583
Germany	9,762,784	11,862,176	23,547,996	18,544,017	15,131,311
Hong Kong	7,337,605	3,267,402	7,970,822	1,756,537	882,474
France	3,383,834	11,543	2,017,379	11,223	-
Lithuania	1,808,145	1,426,706	2,231,297	127,209	-
China	533,694	290,128	429,683	1,140,913	803,448
Australia	259,104	180,492	224,988	2,978,860	1,786,827
United Kingdom	-	1,459,320	2,208,763	3,752,653	3,433,525
Brazil	-	156,337	214,618	364,969	906,123
Total revenue from contracts with customers	200,037,506	185,616,333	362,165,317	389,305,417	358,171,456

20. PROFIT BEFORE TAX

This is arrived at:

	Audited	Unaudited	|------------------- Audited	-------------------	-------------------|
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
After charging:					
Depreciation of property, plant and equipment	3,016,611	2,406,453	4,494,046	3,067,379	2,612,114
Employee benefits expense (Note 21)	21,770,496	19,659,951	36,754,628	38,302,813	35,807,996
Expenses relating to lease of low value assets	42,761	4,077	12,127	13,800	16,180
Expenses relating to short-term leases	24,179	14,000	24,000	24,000	24,400
Fair value loss on investment in quoted shares	217,050	10,531	636,022	-	-
Interest expenses on:					
- Finance lease liabilities	239,623	158,602	237,335	53,056	11,650
- Term loan	1,049,832	1,030,354	1,734,235	670,865	-
- Bankers acceptances and OFCL	815,684	1,189,129	2,001,098	3,127,597	2,434,966
- Revolving credit	39,392	-	-	-	-
- Bank overdraft	-	-	-	197	-
Inventories written off	-	-	-	-	2,427,469
Loss on disposal of property, plant and equipment	-	5,250	-	86,151	-
Loss on foreign exchange:					
- Realised	712,655	-	-	195,058	898,740
- Unrealised	62,585	-	370,725	317,023	-
Property, plant and equipment written off	-	-	4,908	-	690
(Reversal of)/Inventories written down	-	-	(473,237)	(69,895)	29,681

	Audited	Unaudited	|------ Audited	------	------|
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
And crediting:					
Gain on disposal of property, plant and equipment	8,902	-	2,661	-	-
Gain on foreign exchange:					
- Realised	-	601,816	769,849	-	-
- Unrealised	-	187,905	-	-	79,221
Interest income	75,893	131,121	202,522	178,110	275,306

21. EMPLOYEE BENEFITS EXPENSE

	Audited	Unaudited	|------ Audited	------	------|
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Salaries, allowance, bonus, overtime and wages	19,351,487	17,431,583	32,691,471	34,306,374	32,158,402
Defined contribution plan	1,977,452	1,929,172	3,404,736	3,280,384	2,977,679
Social security contribution	307,868	278,154	520,307	476,829	447,804
Other staff related expenses	133,689	21,042	138,114	239,226	224,111
	21,770,496	19,659,951	36,754,628	38,302,813	35,807,996

Included in the employee benefits expense is directors' remuneration as follows:

	Audited	**Unaudited**	|----------	**Audited**	----------|
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Salaries, allowance and bonus	546,000	672,452	1,062,452	1,135,561	958,500
Defined contribution plan	47,460	55,802	89,702	87,600	76,640
Social security contribution	884	884	1,516	1,516	1,516
	594,344	729,138	1,153,670	1,224,677	1,036,656
Benefits-in-kind	27,942	27,942	47,900	40,092	20,210
	622,286	757,080	1,201,570	1,264,769	1,056,866

22. INCOME TAX EXPENSE

	Audited	**Unaudited**	|----------	**Audited**	----------|
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Malaysian income tax: Based on results for the financial period/year					
- Current tax	(2,282,000)	(427,000)	(2,141,000)	(8,254,000)	(7,280,000)
- Deferred tax relating to the origination and reversal of temporary differences	(1,202,383)	(1,154,659)	(801,702)	(286,000)	(197,000)
	(3,484,383)	(1,581,659)	(2,942,702)	(8,540,000)	(7,477,000)
(Under)/Over provision in prior period/year					
- Current tax	464,000	684,790	684,790	(5,363)	74,728
- Deferred tax	(695,617)	(612,341)	(465,798)	(235,000)	243,000
	(231,617)	72,449	218,992	(240,363)	317,728
	(3,716,000)	(1,509,210)	(2,723,710)	(8,780,363)	(7,159,272)

	Audited	Unaudited	|---------- Audited	----------|	
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Deferred tax relate to item recognised in other comprehensive income (Note 16)					
Revaluation of leasehold land and building	-	-	(499,500)	-	-

The reconciliation of tax expense of the Group is as follows:

	Audited	Unaudited	|---------- Audited	----------|	
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Profit before tax	16,918,703	6,765,166	17,819,221	32,376,578	31,040,406
Income tax at Malaysian statutory tax rate of 24%	(4,060,489)	(1,623,640)	(4,276,613)	(7,770,379)	(7,449,697)
Income not subject to tax	12,146	28,184	49,700	-	107,185
Expenses not deductible for tax purposes	(317,710)	(571,842)	(410,132)	(769,621)	(134,488)
Utilisation of reinvestment allowances	847,179	585,639	1,514,922	-	-
Annual crystallisation of deferred tax on revaluation reserve	34,491	-	179,421	-	-
	(3,484,383)	(1,581,659)	(2,942,702)	(8,540,000)	(7,477,000)
(Under)/Over provision in prior period/year	(231,617)	72,449	218,992	(240,363)	317,728
	(3,716,000)	(1,509,210)	(2,723,710)	(8,780,363)	(7,159,272)

23. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company for the financial period/year by the weighted average number of ordinary shares in issue during the financial period/year:

	Audited	**Unaudited**	|----------	**Audited**	----------|
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Profit attributable to owners of the Company (RM)	13,202,703	5,255,956	15,095,511	23,596,215	23,881,134
Weighted average number of ordinary shares in issue	32,869,879	32,869,878	32,869,878	32,869,878	32,869,878
Basic earnings per share (sen)	40.17	15.99	45.93	71.79	72.65

Diluted earnings per share

Diluted earnings per share is not applicable as the Group does not have any potential dilutive equity instruments that would give a diluted effect to the basic earnings per share.

24. **DIVIDENDS**

	Audited	**Unaudited**	|---------- **Audited**	----------	----------|
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
In respect of the financial year ending 31 January 2022:					
- First interim dividend of 10 sen per share	3,286,988	-	-	-	-
In respect of the financial year ended 31 January 2021:					
- First interim dividend of 15 sen per share	-	-	4,930,482	-	-
In respect of the financial year ended 31 January 2020:					
- First interim dividend of 7.50 sen per share	-	-	-	2,465,241	-
- Second interim dividend of 110 sen per share	-	-	-	36,156,866	-
In respect of the financial year ended 31 January 2019:					
- First interim single tier dividend of 38 sen per share	-	-	-	-	12,490,554
- Second interim single tier dividend of 46 sen per share	-	-	-	-	15,120,144
- Third interim single tier dividend of 30 sen per share	-	-	-	-	9,860,964
- Fourth interim single tier dividend of 16 sen per share	-	-	-	-	5,259,180
- Fifth interim single tier dividend of 35 sen per share	-	-	-	-	11,504,457
	3,286,988	-	4,930,482	38,622,107	54,235,299

25. RELATED PARTY DISCLOSURES

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The remuneration of the directors and members of key management during the financial period/year is as follows:

	Audited	Unaudited	Audited		
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Salaries, allowance and bonus	1,316,721	1,443,173	2,383,688	2,620,041	2,255,334
Defined contribution plan	140,070	148,412	248,462	263,109	229,856
Social security contribution	4,116	4,116	7,056	7,056	7,056
Benefits-in-kind	27,942	27,942	47,900	40,092	20,210
	1,488,849	1,623,643	2,687,106	2,930,298	2,512,456
Analysed as:					
- Directors	622,286	757,080	1,201,570	1,264,769	1,056,866
- Other key management personnel	866,563	866,563	1,485,536	1,665,529	1,455,590
	1,488,849	1,623,643	2,687,106	2,930,298	2,512,456

26. CAPITAL COMMITMENTS

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Contracted but not provided for:				
- Property, plant and equipment	24,271,636	208,676	255,320	123,927
Approved but not provided for:				
- Property, plant and equipment	55,762,866	-	-	-

27. SEGMENTAL INFORMATION

Business segments

The management determines the business segments based on the reports reviewed and used by the directors for strategic decisions making and resources allocation.

The Group has only one reportable business segment of manufacturing which relates principally to the provision of electronic manufacturing services ("EMS"), and integrated manufacturing services which include printed circuit board assembly ("PCBA"), sub-assembly and box build. Accordingly, no business segmental information is presented.

Geographical segments

Revenue information based on the geographical location of the customers are disclosed in Note 19.2 to the financial statements.

Location of assets

The Group's non-current assets are maintained entirely in Malaysia.

Information of Major Customers

The following are major customers from the Group's manufacturing segment which individually contributed to more than 10% of the Group's total revenue:

	Revenue				
	Audited	**Unaudited**	**Audited**		
	1.2.2021 to 31.8.2021 (7 months)	1.2.2020 to 31.8.2020 (7 months)	1.2.2020 to 31.1.2021 (12 months)	1.2.2019 to 31.1.2020 (12 months)	1.2.2018 to 31.1.2019 (12 months)
	RM	RM	RM	RM	RM
Customer A	59,632,216	67,215,666	129,928,374	114,906,298	101,016,756
Customer B	40,311,730	53,575,728	87,463,586	83,024,890	79,192,415
Customer C	47,656,984	29,035,016	63,354,803	62,132,945	77,686,311
Customer D	-	-	-	76,770,450	47,594,612
	147,600,930	149,826,410	280,746,763	336,834,583	305,490,094

28. FINANCIAL INSTRUMENTS

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised at amortised cost ("AC") and fair value through profit or loss ("FVTPL").

	Carrying amount RM	AC RM	FVTPL RM
Audited			
31.8.2021			
Financial assets:			
Trade receivables	71,774,297	71,774,297	-
Other receivables and refundable deposits	256,632	256,632	-
Investment	2,475,998	-	2,475,998
Fixed deposits with licensed banks	5,898,624	5,898,624	-
Cash and bank balances	15,929,666	15,929,666	-
	96,335,217	93,859,219	2,475,998
Financial liabilities:			
Trade payables	62,291,486	62,291,486	-
Other payables and accruals	17,920,419	17,920,419	-
Borrowings	127,195,903	127,195,903	-
	207,407,808	207,407,808	-
31.1.2021			
Financial assets:			
Trade receivables	100,157,289	100,157,289	-
Other receivables and refundable deposits	97,056	97,056	-
Investment	2,731,054	-	2,731,054
Fixed deposits with licensed banks	5,206,652	5,206,652	-
Cash and bank balances	17,108,571	17,108,571	-
	125,300,622	122,569,568	2,731,054
Financial liabilities:			
Trade payables	46,318,082	46,318,082	-
Other payables and accruals	9,587,308	9,587,308	-
Borrowings	136,317,263	136,317,263	-
	192,222,653	192,222,653	-
31.1.2020			
Financial assets:			
Trade receivables	92,897,704	92,897,704	-
Other receivables and refundable deposits	426,569	426,569	-
Fixed deposits with licensed banks	5,082,850	5,082,850	-
Cash and bank balances	27,404,164	27,404,164	-
	125,811,287	125,811,287	-

	Carrying amount RM	AC RM	FVTPL RM
Financial liabilities:			
Trade payables	35,607,180	35,607,180	-
Other payables and accruals	7,653,634	7,653,634	-
Borrowings	127,678,772	127,678,772	-
	170,939,586	170,939,586	-
31.1.2019			
Financial assets:			
Trade receivables	102,985,261	102,985,261	-
Other receivables and refundable deposits	717,511	717,511	-
Amount due from corporate shareholder	10,000	10,000	-
Fixed deposits with licensed banks	2,464,300	2,464,300	-
Cash and bank balances	16,973,845	16,973,845	-
	123,150,917	123,150,917	-
Financial liabilities:			
Trade payables	65,629,277	65,629,277	-
Other payables and accruals	8,734,361	8,734,361	-
Borrowings	83,974,776	83,974,776	-
	158,338,414	158,338,414	-

28.2 **Financial risk management**

The Group is exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk and equity price risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

28.3 **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises principally from its trade receivables.

Trade receivables

The Group gives its customers credit terms that range between **30 to 80 days** (31.1.2021: 30 to 80 days; 31.1.2020: 30 to 75 days; 31.1.2019: 30 to 75 days). In deciding whether credit shall be extended, the Group will take into consideration factors such as relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, receivables balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the combined statements of financial position.

The ageing analysis of trade receivables of the Group at the end of the reporting period is as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Not past due	66,699,526	93,763,973	91,299,808	96,973,384
1 to 30 days past due	3,668,675	6,105,460	1,504,380	5,443,403
31 to 60 days past due	497,909	104,405	35,071	137,966
61 to 90 days past due	563,084	-	-	120,719
91 to 180 days past due	287,514	133,465	6,195	231,709
More than 180 days past due	57,589	49,986	52,250	78,080
	5,074,771	6,393,316	1,597,896	6,011,877
Total	71,774,297	100,157,289	92,897,704	102,985,261

	31.8.2021	31.1.2021	31.1.2020	31.1.2019
Concentration of credit risk:				
- number of customers	3	4	4	4
- % of outstanding balance over total trade receivables	89%	96%	99%	97%

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period/year.

Trade receivables that are past due but not impaired are due to the management is of the view that these debts will be collected in due course.

Maximum exposure to credit risk

The Group regards the entire trade receivables to be low risk as there is minimal overdue balances.

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses ("ECL") of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as country risk assessment has been incorporated in determining the expected credit losses.

Trade receivables are usually collectible and the Group does not have much historical bad debts written off or impairment of trade receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. Based on the above assessment, the ECL computed is insignificant and accordingly no allowance for ECL is recognised during the financial period/year.

28.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
Audited					
31.8.2021					
Non-derivative financial liabilities:					
Trade payables	62,291,486	62,291,486	62,291,486	-	-
Other payables and accruals	17,920,419	17,920,419	17,920,419	-	-
Borrowings	127,195,903	129,465,476	116,171,369	6,193,522	7,100,585
Total undiscounted financial liabilities	207,407,808	209,677,381	196,383,274	6,193,522	7,100,585
31.1.2021					
Non-derivative financial liabilities:					
Trade payables	46,318,082	46,318,082	46,318,082	-	-
Other payables and accruals	9,587,308	9,587,308	9,587,308	-	-
Borrowings	136,317,263	139,823,874	112,160,876	18,518,539	9,144,459
Total undiscounted financial liabilities	192,222,653	195,729,264	168,066,266	18,518,539	9,144,459
31.1.2020					
Non-derivative financial liabilities:					
Trade payables	35,607,180	35,607,180	35,607,180	-	-
Other payables and accruals	7,653,634	7,653,634	7,653,634	-	-
Borrowings	127,678,772	132,764,273	90,334,087	21,926,770	20,503,416
Total undiscounted financial liabilities	170,939,586	176,025,087	133,594,901	21,926,770	20,503,416

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
31.1.2019					
Non-derivative financial liabilities:					
Trade payables	65,629,277	65,629,277	65,629,277	-	-
Other payables and accruals	8,734,361	8,734,361	8,734,361	-	-
Borrowings	83,974,776	84,000,526	83,774,466	71,400	154,660
Total undiscounted financial liabilities	158,338,414	158,364,164	158,138,104	71,400	154,660

28.5 **Interest rate risk**

The Group's fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's interest bearing financial instruments based on their carrying amounts as at the end of the reporting period is as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Fixed rate instruments				
Financial assets	5,898,624	5,206,652	7,082,850	2,464,300
Financial liabilities	102,533,161	103,317,263	94,678,772	83,974,776
Floating rate instruments				
Financial liabilities	24,662,742	33,000,000	33,000,000	-

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before tax by the amount shown below and a corresponding decrease would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables remain constant.

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Decrease in profit before tax	(45,204)	(90,055)	(27,953)	-

28.6 Foreign currency risk

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in currencies other than the functional currency of the Group. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currency giving rise to this risk is primarily the United States Dollar ("USD"), Euro and Australian Dollar ("AUD").

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonable possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax. A 5% strengthening of the RM against the following currencies at the end of the reporting period would have (decreased)/increased the profit before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
USD	(2,028,905)	(96,993)	(617,902)	(827,387)
Euro	(11,373)	116,934	6,064	(454)
AUD	125,018	136,946	54	(22)
Others	(3,405)	(2,592)	(2,702)	(368)
(Decrease)/Increase in profit before tax	(1,918,665)	154,295	(614,486)	(828,231)

28.7 Equity price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial assets designated at FVTPL will fluctuate because of changes in market prices. Equity price risk arises from the Group's investment which are the equity securities quoted in foreign country.

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group.

Sensitivity analysis for equity price risk

As at the end of the reporting period, if the share price of the quoted equity securities had been 5% higher/lower, with all other variables held constant, the Group's profit before tax would have been **RM123,800** (31.1.2021: RM136,553) higher/lower, arising as a result of higher/lower fair value gain on investment in quoted shares.

29. FAIR VALUE INFORMATION

29.1 Fair value of financial instruments

The carrying amounts of the financial assets and financial liabilities of the Group as at the end of the reporting period approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near to the end of the reporting period.

The carrying amounts of the non-current portion of finance lease liabilities are reasonable approximation of fair values due to the insignificant impact of discounting.

29.2 Fair value of non-financial assets

The fair value of the non-financial assets using the valuation model are disclosed in Note 4 to the financial statements.

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial period/year under review as compared to the previous financial period/year.

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure. The Group monitors capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Total borrowings	127,195,903	136,317,263	127,678,772	83,974,776
Less: Fixed deposits with licensed banks	5,898,624	5,206,652	5,082,850	2,464,300
Cash and bank balances	15,929,666	17,108,571	27,404,164	16,973,845
	(21,828,290)	(22,315,223)	(32,487,014)	(19,438,145)
Net debt	105,367,613	114,002,040	95,191,758	64,536,631
Total equity	93,992,778	84,077,062	72,330,284	87,356,176
Gearing ratio	1.12	1.36	1.32	0.74

31. MATERIAL LITIGATION

BCM Electronics had filed a claim against a former customer in the Kuala Lumpur High Court on 6 June 2016 for an amount of RM1,672,789 being unpaid parts ordered for the manufacturing of the said customer's order. On 6 May 2019, the learned Judge allowed BCM Electronics's claim together with interest at 5% per annum from the date of judgement till full and final realisation of the debt. On 9 May 2019, the former customer filed an appeal to the Court of Appeal to against the decision by Kuala Lumpur High Court.

On 3 August 2021, the Court of Appeal held in favour of the former customer. BCM Electronics had filed an application for leave to the Federal Court against the decision by Court of Appeal. The leave application is fixed for hearing on 25 January 2022. Pending the application for leave, BCM Electronics has repaid the claim together with the interest amounting to RM1,731,135 to the former customer on 14 September 2021.

32. SIGNIFICANT EVENTS

(i) The World Health Organisation declared the 2019 Novel Coronavirus ("COVID-19") outbreak a pandemic on 11 March 2020. This was followed by our government issuing a Gazetted Order known as the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

The COVID-19 pandemic has impacted the revenue for the months from June 2021 to August 2021, mainly due to lower manufacturing activity during the Full lockdown Movement Control Order period starting from 28 May 2021 which has resulted in the delays of delivering sales orders. Precautionary measures and standard operating procedures have been implemented in order to adapt the "new normal" and to minimise the impact arising from COVID-19.

The Group will monitor the developments of the COVID-19 situation closely and continue exercising cost control and operation efficiency in order to enhance productivity and to stay competitive in a "new normal" environment whilst adhering strictly to government health guidelines to safeguard the employees from the COVID-19 pandemic. Barring any unforeseen circumstances, the Group remains optimistic that the COVID-19 will not have material adverse impact on the Group's prospects in the long run.

(ii) On 20 July 2021, the Company has entered into a conditional share sale agreement with Main Stream Holdings Sdn. Bhd. (formerly known as Aurelius Holdings Sdn. Bhd.) for the acquisition of the entire issued share capital of BCM Electronics comprising 32,869,878 ordinary shares ("Acquisition"). The purchase consideration for the Acquisition was RM84,351,000 satisfied by the issuance of 281,169,999 new ordinary shares in ATech at an issue price of RM0.30 per share to Main Stream Holdings Sdn. Bhd. (formerly known as Aurelius Holdings Sdn. Bhd.). The Acquisition was completed on 3 November 2021 and BCM Electronics become wholly-owned subsidiary of the Company.

(iii) On 4 October 2021 and 1 November 2021 respectively, the Company has obtained the approvals from the Securities Commission Malaysia and Bursa Malaysia Securities Berhad in relation to the proposed listing on Main Market of Bursa Malaysia Securities Berhad. As of the date of this report, the Company is in the process of completing the necessary procedures for its proposed listing on Main Market of Bursa Malaysia Securities Berhad, which is anticipated to be in December 2021.

33. ADJUSTMENTS TO PREVIOUS YEARS' FINANCIAL STATEMENTS

The effects of the material adjustments against the previous years' audited financial statements are as follows. The adjustments have no impact on the cash flows from operating activities, investing activities and financing activities in the combined statements of cash flows.

MFRS 15 Revenue from Contracts with Customers

Upon adoption of MFRS 15 in the financial year ended 2019, goods delivered but not invoiced are to be recognised as contract assets. Provisions of the contract entered with the customer enables the Group to have the right to invoice goods delivered to the customer's designated point 60 days from the date of delivery regardless of whether the goods is picked up by the customer. As such, revenue is recognised at the point of delivery since the Group has satisfied all its performance obligations. Therefore, adjustment to the profit or loss had been made for the financial year ended 31 January 2019.

The effects of the adjustment are as follows:

	* As previously stated RM	Adjustment RM	As restated RM
Combined statements of comprehensive income			
31 January 2019:			
Revenue	362,622,844	(4,451,388)	358,171,456
Cost of sales	(320,044,788)	4,660,548	(315,384,240)

* As stated in the audited financial statements for the financial year ended 31 January 2019.

14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

(i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than six months after the date of issue of this Prospectus.

(ii) As at the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(iii) Save for the Shares issued pursuant to the Pre-IPO Restructuring, our Company and our subsidiary have not issued or proposed to issue any shares, debentures, warrants, options, convertible securities or uncalled capital during the FYE Under Review, FPE 31 August 2021 and from 1 September 2021 up to the date of this Prospectus.

(iv) Save for the ESS as disclosed in Section 4.2.4 of this Prospectus, we have not agreed, conditionally or unconditionally to put the share capital of our Company or our subsidiary under option.

(v) As at the date of this Prospectus, neither we nor our subsidiary have any outstanding warrants, options, convertible securities or uncalled capital.

(vi) As at the date of this Prospectus, save for the Issue Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.2.2 and the ESS as disclosed in Section 4.2.4 of this Prospectus, there is currently no other scheme involving our Directors and employees in the share capital of our Company or our subsidiary.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by reference to our Constitution and by applicable law. The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined or the context otherwise requires.

(i) Transfer of Securities

The provisions of our Constitution in relation to the arrangements for the transfer of our securities and the restrictions on their free transferability are set out below:

Clause 30 – Transfer of Securities

The transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Subsection 148(2) of the Act and any exemption that may be made from compliance with Subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed Securities.

Clause 31: No restriction on the transfer of fully paid Securities

Subject to the SICDA and the Rules, there shall be no restriction on the transfer of fully paid Securities except where required by law.

Clause 32: Refusal to register

(a) The Depository may, in its absolute discretion, refuse to register any transfer of Depository Security where the reason for the transfer does not fall within any of the approved reasons provided for in the Rules or that does not comply with the SICDA and the Rules.

(b) Neither the Company nor the Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties or registered by the Depository, although the same may, by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although transferred, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title hereto.

Clause 33 – Suspension of registration

The Company may require the Depository to suspend the registration of transfers at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice shall state the period and purpose or purposes for which the Register is being closed. At least three (3) Market Days prior notice or such other period as may from time to time be specified by the Depository shall be given to the Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) Market Days prior notice or such other periods as may from time to time be specified by the Depository shall be given to the Depository.

Clause 34 – Renunciation

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person. Subject to any written law, no shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

(ii) Remuneration of Directors

The provisions of our Constitution in relation to the remuneration of our Directors are set out below:

Clause 100 – Director's Remuneration

The Directors shall be paid by way of fees and any benefits payable to the Directors including any compensation for loss of employment of a director or former director for their services as shall from time to time be determined by the Company in meeting of Members, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. Provided always that:

(i) Fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in meeting of Members;

(ii) Salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in meeting of Members but such salaries and emoluments may not include a commission on or percentage of turnover;

(iii) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a meeting of Members where notice of the proposed increase has been given in the notice convening the meeting;

(iv) Any fee paid to an alternate director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

There must be annual Shareholders' approvals at a meeting of Members for the fees of Directors and any benefits payable to Directors as required by Listing Requirements.

Clause 101 – Reimbursement of expenses

(i) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board meetings of the Company.

(ii) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board, provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. Such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

(iii) Voting and Borrowing Powers of Directors

The provisions of our Constitution in relation to the voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested are set out below:

Clause 105 – Directors' Borrowing Power

(i) The Directors may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of the Company, or any related company as may be thought fit.

(ii) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Clause 121 – Restriction on voting

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has direct or indirect interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

Clause 122 - Relaxation of restriction on voting

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a director to hold any office or place of profit under any other company, or whereat any decision is taken upon any contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 221 and all other relevant provisions of the Act and of this Constitution.

Clause 123 - Power to vote

A Director may vote in respect of:

(i) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;

(ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

(iv) Changes in Capital and Variation of Class Rights

The provisions of our Constitution in relation to changes in capital and variations of class rights which are more stringent than those provided in the Act are set out below:

Clause 8 - Allotment of shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of this Constitution, the Listing Requirements and the Act and to the provisions of any Resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:

(i) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than the offer price of the share;

(ii) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;

(iii) except in the case of an issue of Securities on a pro-rata basis to all Members subject to paragraph 6.04 of the Listing Requirements, every issue of shares, options or convertible Securities to employees, Directors, major shareholders or persons connected with any Director or major shareholder of the Company shall be approved by the Members in meeting of Members and no Director, major shareholder or person connected with any Director or major shareholder shall participate in such issues of shares unless:

   (a) the Members in meeting of Members have approved of the specific allotment to be made to such Director, major shareholder or person connected with such Director or major shareholder; and

   (b) in the case of a Director, such Director holds office in the Company in an executive capacity PROVIDED ALWAYS that a Director not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities

Clause 11 - Modification of Class Rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three- fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of Members of the holders of the shares of the class. To every such separate meeting of Members the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall, with such adaptations as are necessary, apply.

Clause 53 –Offer of unissued original shares and new shares

Subject to any direction to the contrary that may be given by the Company in meeting of Members any original shares for the time being unissued and not allotted and any new shares or other convertible Securities from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meeting of Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this clause.

Clause 55 - Power to alter capital and reduce capital

(a) The Company may by special resolution:

(i) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;

(ii) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or

(iii) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

(b) The Company may by special resolution reduce its share capital in accordance with Subdivision 4 of Division 1 of Part III of Act, whether with the confirmation of the Court or a solvency statement, or in any other way allowed by the Act.

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Subject to Section 14.3 above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares which is imposed by Malaysian law or by our Constitution.

14.5 MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business, that have been entered into by our Group within the period covered by the FYE Under Review and FPE 31 August 2021 as disclosed in this Prospectus and up to the date of this Prospectus:

(i) The share sale agreement dated 20 July 2021 and the supplemental letter to the share sale agreement dated 3 November 2021 between our Company and the shareholder of BCM Electronics, MSH, for the acquisition by our Company of the entire equity interest of BCM Electronics for a purchase consideration of RM84,350,999.00, which was fully satisfied by the issuance of 281,169,999 new Shares to MSH;

(ii) Retail Underwriting Agreement dated 15 November 2021 between our Company and the Sole Underwriter to underwrite 22,909,000 Issue Shares under the Retail Offering at an underwriting commission calculated at the rate of 2.5% (exclusive of applicable tax) of the Retail Price multiplied by the total number of Issue Shares underwritten under the Retail Offering; and

(iii) Lock-up letter dated 15 November 2021 issued by our Company to the Sole Bookrunner in relation to the lock-up arrangement for our IPO and our Listing, details of which are set out in Section 4.9.3 of this Prospectus.

14.6 MATERIAL LITIGATION

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claim and/or arbitration, whether as plaintiff or defendant, which might materially and adversely affect the financial or business position of our Group:

BCM Electronics had, on 13 October 2015, filed a lawsuit against Mimos Berhad ("**Mimos**") at the High Court of Malaya at Kuala Lumpur ("**High Court**") to claim a sum of RM1,672,789.00 together with interest ("**Suit**").

The claim arose from a New Product Information Agreement dated 28 March 2011 ("**NPI Agreement**") between BCM Electronics and Mimos, pursuant to which BCM Electronics shall manufacture prototypes or pilots of products based on technology developed by Mimos as and when instructed by Mimos. Arising from the NPI Agreement, Mimos and BCM Electronics had discussed the approach in respect of the manufacture of electronic products, being wireless routers, known as "**WiWi**".

On 28 June 2012, Mimos issued BCM Electronics a "stop build" and "stop ship" instruction in respect of the manufacture of the WiWi products due to wrong chip set used in the WiWi products where the chip set design was determined by Mimos. Subsequently, BCM Electronics and Mimos carried out a joint stock count at BCM Electronics' premises where the parties acknowledged that the stock count list showed BCM Electronics' inventory of raw materials amounted to RM3,247,601.58.

Between 18 November 2013 to 2 June 2014, Mimos had purchased 1,000 units of PCBAs and other accessories from BCM Electronics and made payments for such purchase.

Notwithstanding the purchases of PCBA made by Mimos between 18 November 2013 to 2 June 2014, there were still 1,732 units of the WiWi products remaining in BCM Electronics' inventory. BCM Electronics, through its solicitors, had on 17 August 2015 issued a letter of demand to Mimos demanding Mimos to pay a sum of RM1,672,789.00, which BCM Electronics alleged is the cost of raw materials for 1,732 units of the WiWi products remaining in BCM Electronics' inventory. Mimos, through its solicitors, had on 17 September 2015, replied to BCM Electronics denying its liability to make payment of RM1,672,789.00 to BCM Electronics.

The High Court judge had, on 6 May 2019, allowed BCM Electronics' claim with costs amounting to RM1,694,734.75. Mimos had on 9 May 2019, filed an appeal against the decision at the Court of Appeal of Malaysia. On 3 August 2021, the Court of Appeal of Malaysia allowed the appeal filed by Mimos with costs and BCM Electronics is to return the sum of RM1,731,134.75 (including costs) to Mimos. BCM Electronics had on 2 September 2021 filed an application of motion for leave to the Federal Court of Malaysia ("**Leave Application**"). The Leave Application is fixed for hearing on 25 January 2022.

The outcome of the hearing of the Leave Application is not expected to have a material impact on our Group as the remaining WiWi products in BCM Electronics' inventory have been written off in the FYE 31 January 2019 and the additional costs amounting to RM36,400.00 (being the difference between RM1,731,134.75 and RM1,694,734.75 as mentioned above) is immaterial. For further details, see Notes 18 and 31 of the Accountants' Report as set out in Section 13 of this Prospectus. There will also be no impact to our Group's future plans and working capital requirements as the amount that was returned, which may not be recoverable if BCM Electronics is unsuccessful in its Leave Application, is not earmarked to be used for capital expenditure or working capital purposes.

14.7 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT AND TAXATION

Our Group has not established any other place of business outside Malaysia and is not subject to governmental law, decree, regulation and/or other requirement which may affect the repatriation of capital and remittance of profit by or to our Group.

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

14.8 CONSENTS

(i) The written consents of the Principal Adviser, Sole Bookrunner and Sole Underwriter, Company Secretary, legal advisers, Share Registrar and Issuing House as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(ii) The written consent of the Auditors and Reporting Accountants for the inclusion of its names, the Accountants' Report and the Reporting Accountants' letter on the Pro Forma Combined Statements of Financial Position as at 31 August 2021 and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn;

(iii) The written consent of the IMR for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn; and

(iv) The written consent of the Valuer for the inclusion of its name, the Certificate of Valuation and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of six (6) months from the date of this Prospectus:

(i) our Constitution;

(ii) material contracts referred to in Section 14.5 of this Prospectus;

(iii) relevant cause papers in respect of the material litigation of our Group referred to in Section 14.6 of this Prospectus;

(iv) IMR Report as included in Section 8 of this Prospectus;

(v) Reporting Accountants' letter on the Proforma Combined Statements of Financial Position as at 31 August 2021 as included in Section 12.4 of this Prospectus;

(vi) Accountants' Report as included in Section 13 of this Prospectus;

(vii) audited financial statements of BCM Electronics for the FYE Under Review and FPE 31 August 2021;

(viii) letters of consent referred to in Section 14.8 of this Prospectus;

(ix) by-laws of the Scheme as included in Annexure A of this Prospectus;

(x) Certificate of Valuation as included in Annexure B of this Prospectus; and

(xi) Valuation Report.

14.10 RESPONSIBILITY STATEMENTS

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

Maybank IB, being the Principal Adviser, Sole Bookrunner for the Institutional Offering and Sole Underwriter for the Retail Offering, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD	: 10.00 a.m., 29 November 2021
CLOSING OF THE APPLICATION PERIOD	: 5.00 p.m., 3 December 2021

In the event there is any change to the dates and times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Application for the Issue Shares under the Retail Offering

Applications must be made in relation to and subject to the terms of our Prospectus and our Constitution. You agree to be bound by our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Type of Application and category of investors	Application Method
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	• White Application Form; • Electronic Share Application; or • Internet Share Application
(b) Non-Individuals	White Application Form only

15.2.2 Application for our IPO Shares under the Institutional Offering

Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI) who have been allocated our IPO Shares under the Institutional Offering will be contacted directly by the Sole Bookrunner and should follow the instructions as communicated by the Sole Bookrunner.

Bumiputera investors approved by the MITI who have been allocated our IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts** will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for the Issue Shares if you fulfill all of the following:

(i) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for the Issue Shares; or

(b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;

(ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation.

Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, Maybank IB, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 PROCEDURES FOR APPLICATION USING APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM1.36 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO.709**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatched by **ORDINARY POST** in the respective official envelopes provided for each category, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Company Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

or

(ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

so as to arrive not later than 5.00 p.m. on 3 December 2021 or such other time and date as our Directors and the Sole Underwriter may, in their absolute discretion, mutually decide as the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the Application Form to the Issuing House.

Please refer to the detailed procedures and terms and conditions of the Application Forms set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of our Prospectus on the website of Bursa Securities or contact the Issuing House for further enquiries.

15.5 PROCEDURES FOR APPLICATION USING ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for the Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Maybank, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

15.6 PROCEDURES FOR APPLICATION USING INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for the Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Maybank, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

(a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 15.9** below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription for the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis and results of the allocation of our IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at https://tiih.online, within one (1) Market Day after the balloting date.

Pursuant to the Listing Requirements we are required to have a minimum of 25.0% of our Company's issued Shares to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon our Listing. We expect to achieve this at the point of our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of the Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Retail Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten (10) Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Applications and Internet Share Applications

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the fifth Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than ten (10) Market Days from the date of the final ballot. For Applications that are held in reserve and are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at +603 2783 9299
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions or Authorised Financial Institutions

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House's website at https://tiih.online, within one (1) Market Day after the balloting date.

You may also check the status of your Application at the above website, five (5) Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

ANNEXURE A: BY-LAWS FOR THE ESS

BY-LAWS OF THE EMPLOYEES' SHARE SCHEME FOR DIRECTORS AND ELIGIBLE EMPLOYEES OF AURELIUS TECHNOLOGY BERHAD AND ITS SUBSIDIARIES

1. DEFINITIONS

1.1 In these By-Laws, except where the context otherwise requires, the following expressions have the following meanings:-

"Adviser"	:	A corporate finance adviser that may act as a principal adviser under the Securities Commissison Malaysia's Guidelines on Submission of Corporate and Capital Market Product Proposals (as amended from time to time)
"Awards"	:	The ESGP Shares and the ESS Option collectively granted pursuant to the By-Laws and "Award" means any one of them in the context of the By-Laws
"ATech"	:	Aurelius Technologies Berhad (Registration No.: 202101005015 (1405314-D)) and, where the context admits, includes its successors- in-title
"ATech Group" or "Group"	:	ATech and its Subsidiaries (excluding any Subsidiaries which are dormant)
"ATech Share(s)" or "Shares"	:	Ordinary share(s) in ATech
"Board"	:	The board of directors of ATech (as defined herein)
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No.:198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
"By-Laws"	:	By-Laws governing the Scheme as amended, modified and/or supplemented from time to time
"CDS"	:	The Central Depository System governed under SICDA

"CDS Account"	:	The account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and dealings in such securities by that depositor
"Companies Act"	:	Companies Act, 2016, and any amendments made thereto from time to time and includes any re-enactment thereof
"Director"	:	Have the same meaning as given in Section 2(1) of the Capital Markets and Services Act 2007 and being a natural person that: (i) occupies or acts in the position of director; (ii) is in accordance with whose directions or instructions the directors of a corporation are accustomed to act; or (iii) is an alternate or substitute director in ATech Group
"Disciplinary Actions"	:	Actions instituted by ATech or its Subsidiaries against a Participant in writing for any alleged misbehaviour, misconduct and/or any other act of the Participant deemed to be unacceptable in the course of that Participant's employment, whether or not such actions may give rise to a dismissal or termination of the employment contract and/or contract of service of such Participant
"Effective Date"	:	The date in which this Scheme takes effect being the date on which the last of the approvals and/or conditions referred to in By-Law 6.1 have been obtained and/or complied with and to be determined by the ESS Committee
"Eligible Person"	:	Directors (including non-executive Directors) and/or eligible employees of the companies within the ATech Group who fulfills the conditions of eligibility as stipulated in By-Law 4
"ESGP"	:	Employees' share grant plan for the grant of ESGP Shares to the eligible directors and eligible employees of the ATech Group which forms part of the Proposed ESS

"ESGP Shares"	:	New ATech Shares to be issued and/or existing Shares to be transferred pursuant to the ESGP
"ESS Committee"	:	The committee comprising Director(s) and/or Senior Management of the Group to be approved by the Board pursuant to By-Law 20 to implement and administer the Scheme in accordance with these By-Laws
"ESS Option(s)"	:	The right granted to the Participant to subscribe for ATech Share(s) at the Exercise Price, subject to the terms and conditions of these By-Laws
"ESS Shares"	:	New ATech Shares to be made available to a Participant pursuant to the exercise of ESS Option or ESGP Shares to be issued/transferred to a Participant pursuant to the ESGP
"Exercise Price"	:	The price which a Participant is required to pay to be entitled to acquire each ESS Share pursuant to the exercise of an ESS Option
"Listing Requirements"	:	The main market listing requirement of Bursa Securities including any amendments thereto that may be made from time to time
"Market Day"	:	Any day between Monday and Friday, both days inclusive, on which Bursa Securities is open for trading in securities
"Maximum Allowable Allocation"	:	The maximum number of Awards that can be offered and allocated in accordance with the provisions of By-Law 5 to a Selected Person to participate in the Scheme
"Offer"	:	An offer made pursuant to ESGP and/or ESS Option, as the case may be, in writing by the ESS Committee to the Participant pursuant to By-Law 8
"Offer Date"	:	The date on which an Offer is made or deemed made by the ESS Committee to a Participant which will be the date the Offer is served in accordance with By-Law 34

"Offer Period"	: The period of 30 days from the Offer Date or such other period as may be determined by the ESS Committee having regard to the Terms of Reference and specified in the Offer during which an Offer may be accepted
"Option Period"	: The period commencing from the date of acceptance of the Offer and expiring on the last day of the Scheme Period or upon the date of termination of the Scheme, whichever is earlier, or such other period as specified by the ESS Committee in the Offer
"Participant(s)"	: Selected Persons who have duly accepted the Offer in accordance with the By-Laws
"Performance Period"	: The period in which the Performance Targets as may be stipulated by the ESS Committee and set out in the Offer are required to be performed
"Performance Targets"	: The performance targets as may be stipulated by the ESS and as set out in an Offer which are to be achieved by the Group during the Performance Period
"RM" and "sen"	: Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
"Scheme"	: Scheme comprising the ESGP and share option scheme and such schemes to be known as ATech Employees' Share Scheme and to be set up under and governed by these By-Laws
"Scheme Period"	: The period of the Scheme as set out in By-Law 6.1
"Selected Person"	: An Eligible Person to whom an Offer has been made under the Scheme
"Senior Management"	: Such employees as the ESS Committee may in its sole discretion determine to be senior management

"Service Period"	:	The period determined by the ESS Committee and stipulated in the Offer during which a Participant: (i) must remain/continue in continuous employment and/or service with any corporation in the ATech Group; and (ii) must not have given a notice to resign or received a notice of termination
"ESGP Price"	:	The reference price which is used to determine the number of ESGP Shares to be granted as stipulated in the Offer
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time
"Subsidiaries"	:	Subsidiaries of ATech within the meaning of Section 4 of the Companies Act and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Scheme Period unless determined by the Board and/or ESS Committee, in its sole discretion, that any such subsidiary of ATech will not fall within this expression
"Terms of Reference"	:	The terms of reference which the Board may establish to regulate and govern the ESS Committee's functions and/or responsibilities under these By-Laws as amended from time to time
"Termination Date"	:	The effective date of the termination of the Scheme
"Unexercised Options"	:	ESS Options and any part thereof which have not been fully exercised at the relevant time and in respect of which the Option Period has not expired
"Unvested ESGP Shares"	:	ESGP Shares or any part thereof which have not been vested in the Participant (excluding ESS Shares in respect of ESS Options which have been exercised pursuant to By-Law 13), by the relevant date

"Value"	:	The value which is used to determine the number of ESS Shares r ESGP Shares offered to a Participant under an Award as stipulated in the Offer
"Vesting Date(s)"	:	The date or dates on which the ESGP Shares or any part or proportion thereof granted are vested in the Participant, as stipulated by the ESS Committee in the Offer

1.2 In these By-Laws, unless the context requires otherwise, words importing the singular number include the plural and vice versa and words importing the masculine, feminine or neuter gender include all genders.

1.3 The headings and sub-headings in the By-Laws are inserted for convenience only and do not affect the interpretation of these By-Laws.

1.4 Any reference to a statute, statutory provision, guidelines, regulations or rules includes a reference to that statute, statutory provision (and all statutory instruments or orders made pursuant to it), guidelines, regulations and rules, as from time to time amended, extended, re-enacted or consolidated.

1.5 Any liberty, power or discretion which may be exercised or any decision or determination which may be made pursuant to the By-Laws by the ESS Committee (including any selection) may be exercised in the ESS Committee's sole discretion having regard only to the Terms of Reference (where applicable) and the ESS Committee will not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.

1.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

2. THE SCHEME

2.1 The Scheme will be called the "**ATech Employees' Share Scheme**" and will comprise the following:

(a) the ESGP; and

(b) the share option scheme.

3. MAXIMUM NUMBER OF AWARDS AVAILABLE UNDER THE SCHEME

3.1 Subject to By-Law 3.2, the maximum number of Awards which may be made available under the Scheme will not exceed in aggregate 10% of the total number of issued shares of ATech (excluding treasury shares, if any) at any point of time during the Scheme Period ("**Maximum ESS Shares**").

3.2 Each ESS Option shall be exercisable into one (1) ATech Share, in accordance with the provisions of these By-Laws.

3.3 In the event that ATech purchases or cancels its own shares in accordance with the provisions of Section 127 of the Companies Act or otherwise howsoever or undertakes any other corporate proposal resulting in the reduction of its total number of issued shares (excluding treasury shares, if any), the following provisions will apply in respect of future Offers but all the Awards granted prior to such purchase and/or the reduction/adjustment of the issued ordinary shares capital of ATech will remain valid or exercisable in accordance with the provisions of the Scheme as if that reduction/adjustment had not occurred:

(a) if, after such purchase, cancellation and/or reduction, the aggregate number of ESS Shares in respect of the Awards granted (including the ATech Shares comprised in ESS Options granted, whether or not exercised) by ATech as at the date of purchase, cancellation and/or reduction of Shares is greater than the Maximum ESS Shares, no further Offers will be made by the ESS Committee until such aggregate number of ESS Shares in respect of the Offers and/or Awards granted falls below the Maximum ESS Shares; and

(b) if, after such purchase, cancellation and/or reduction, the aggregate number of ESS Share in respect of the Awards granted (including the ATech Shares comprised in ESS Options granted, whether or not exercised) by ATech as at the date of purchase, cancellation and/or reduction of Shares is less than the Maximum ESS Shares, the ESS Committee may make further Offers but only until such aggregate number of ESS Shares in respect of the Offers and/or Awards granted is equivalent to the Maximum ESS Shares after such purchase, cancellation and/or reduction.

3.4 ATech will use all reasonable efforts to make available/ensure that it has available and sufficient ESS Shares to satisfy the Offers made during the Scheme Period.

4. ELIGIBILITY

4.1 Any employee of a corporation in the ATech Group, who meets the following criteria as at the Offer Date will be eligible for consideration and selection as a Participant by the ESS Committee:

(a) if he/she has attained the age of 18 years old;

(b) if he/she is not an undischarged bankrupt nor subject to any bankruptchy proceedings;

(c) if he/she is employed on a full time basis and is on the payroll of any corporation in the ATech Group for a continuous period of at least 12 months (which include any probation period) and has not served a notice to resign or received a notice of termination;

(d) if his/her employment has been confirmed in writing prior to the Offer Date and not under probationary period;

(e) if he/she is a person connected with the Director or chief executive officer, the specific allocation of Awards to him in his capacity as a person connected with the Director or chief executive officer under the Scheme has been approved by the shareholders of ATech at a general meeting;

(f) if he/she is serving in a specific designation under an employment contract for a fixed duration excluding those who are employed for a specific project or on short-term contract or any other employees under contract as may be determined by the ESS Committee;

(g) if he/she is not participating or entitled to participate in any other employee share scheme or incentive scheme implemented by any other corporation which is in force for the time being provided that he/she may be eligible for consideration notwithstanding his participation or entitlement to participate if the ESS Committee so determines; and/or

(h) if he/she fulfils any other criteria and/or falls within such category as may be set by the ESS Committee from time to time.

4.2 Notwithstanding By-Law 4.1, any Director (including executive or non-executive and/or independent or non-independent directors), who meets the following criteria as at the Offer Date will be eligible for consideration and selection as a Participant by the ESS Committee:-

(a) if he/she has attained the age of 18 years old;

(b) if he/she and is not an undischarged bankrupt nor subject to any bankruptchy proceedings;

(c) if he/she is a Director (including executive or non-executive and/or independent or non-independent directors of ATech) or any Director of any other company within the ATech Group;

(d) if he/she is the Director or chief executive officer, the specific allocation of ESGP Shares and ESS Options granted by ATech to him/her in his/her capacity as a Director, chief executive officer or major shareholder of ATech under the Scheme has been approved by the shareholders of ATech at a general meeting; and/or

(e) if he/she fulfils any other criteria and/or falls within such category as may be set by the ESS Committee from time to time.

4.3 Notwithstanding By-Laws 4.1 and 4.2, the ESS Committee may from time to time, at its sole discretion select and identify suitable Selected Persons to be offered the Awards.

4.4 Eligibility for consideration under the Scheme does not confer a Director or employee with any rights whatsoever under or to participate in the Scheme.

4.5 The selection of any Director or employee for participation in the Scheme will be made by the ESS Committee whose decision will be final and binding.

4.6 A non-executive Director must not sell, transfer or assign any ESS Shares obtained pursuant to an Offer made to him or ATech Shares obtained through the exercise of ESS Options within one year from the Offer Date, as per Listing Requirements or any prevailing applicable guidelines.

5. MAXIMUM ALLOWABLE ALLOCATION AND THE BASIS OF ALLOCATION

5.1 Subject to any adjustments which may be made under By-Law 16, the aggregate maximum number of Awards that may be granted to a Selected Person will be determined entirely at the discretion of the ESS Committee ("**Maximum Allowable Allocation**") provided that:

(a) the allotment to any director, chief executive or persons connected to them shall require prior approval of the shareholders of ATech at a general meeting and he/she shall not vote on the resolution approving the allocation and allotment to them and persons connected to them;

(b) no allocation of more than 80% of the total Awards will be made in aggregate to the Directors and/or Senior Management of the ATech Group;

(c) no allocation of more than 10% of the total Awards will be made to each of the Director; and

(d) no allocation of more than 10% of the total Awards will be made to any Selected Person who, either singly or collectively through persons connected with them, hold 20% or more of the total number of issued shares of ATech (excluding treasury shares, if any).

For the purpose of these By-Laws, "persons connected" with the Eligble Person shall have the same meaning given in realtion to persons connected with a director or major shareholder as defined in Paragraph 10.1 of the Listing Requirements.

5.2 Subject to By-Law 5.1 and any adjustments which may be made under By-Law 16, the ESS Committee will determine the actual number of ESGP Shares and ESS Options to be allocated to a Participant after taking into consideration various factors pertaining to the Participant such as position, ranking, performance, seniority, the length of service, contribution and potential contribution to the continued success of the Group and any other factors deemed appropriate by the ESS Committee.

5.3 At the time the Offer is made in accordance with By-Law 8, the ESS Committee will set out the basis of allotment, identifying the category or grade of the Selected Person and the Maximum Allowable Allocation for the Selected Person.

5.4 A set of criteria on eligibility in respect of the allocation as determined by the ESS Committee from time to time will be made available to all employees and Directors of the Group.

5.5 ATech and/or ESS Committee will ensure that:-

(a) the allocation of ESS Shares to Participants is verified at the end of each financial year of ATech by ATech's audit committee, as being in compliance with the criteria referred to in By-Law 5.2; and

(b) a statement by the audit committee, verifying such allocation, is included in ATech's annual report.

5.6 In the event that a Participant is promoted, such promoted Participant may be eligible for consideration for additional Awards to be decided by ESS Committee at its discretion subject to the following:

(a) that the additional Offer will be from the balance of the Shares available under the Scheme; or

(b) the ESS Committee has the discretion not to make further additional Offer in the event that the balance of the Shares available is inadequate to make a meaningful additional allotment.

5.7 The ESS Committte has the absolute discretion in determining whether the Awards will be granted in a single tranche or on a staggered basis over the Scheme Period. In the event the ESS Committee decides that the Awards are to be staggered, the number of Awards to be offered pursuant to each Awards and the timing for the vesting of the same shall be decided by the ESS Committee at its sole and absolute discretion and each Awards shall be separate and independent from the other. The number of Awards to be granted per financial year are dependent on amongst others, financial performance of ATech Group, the number of Eligible Persons, retention periods, Awards subscription and/or exercise price and fair value of the Awards.

5.8 In the event that the Particpant who is demoted to a lower grade for whatsoever reason will only be entitled to the allocation of that lower grade unless an Offer has been made and accepted by him before such demotion and where he has accepted an Offer which exceeds his Maximum Allowable Allotment under that lower grade, he will not be entitled to any further allocation for that lower grade.

6. SCHEME PERIOD AND TERMINATION OF THE SCHEME

6.1 The Scheme will take effect on the date on which the last of the following approvals and/or conditions will have been obtained and/or complied with ("**Effective Date**") and will continue to be in force for a period of five (5) years from the Effective Date ("**Scheme Period**"):

(a) submission to Bursa Securities of the final copy of these By-Laws together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;

(b) receipt of the approval-in-principle of Bursa Securities for the listing of and quotation for the ESS Shares to be issued pursuant to the Scheme;

(c) approval of the shareholders of ATech in a general meeting for the Scheme;

(d) the submission to Bursa Securities of the final copy of the By-Laws;

(e) the approval of the relevant regulatory authorities whose approval is necessary in respect of the Scheme; and

(f) fulfilment of all conditions attached any of the above mentioned approvals (if any),

provided always that on or before the expiry of the Scheme Period, the Board will have the discretion upon recommendation of the ESS Committee to extend in writing the tenure of the Scheme for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years, provided that the Scheme does not exceed a maximum period of ten (10) years in its entirety.

6.2 Within five (5) Market Days from the Effective Date, ATech will through its adviser submit a confirmation letter to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 6.1 stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of ATech in the general meeting approving the Scheme.

6.3 Notwithstanding anything set out in these By-Laws and subject always to compliance with Bursa Securities and any other regulatory authorities' guidelines or directives, the Scheme may be terminated by the ATech at any time before its expiry without obtaining the approvals or consents from the Participants or ATech's shareholder, provided that the ATech makes an announcement immediately to Bursa Securities. In the event of such termination:-

(a) no further Offer will be made by the ESS Committee from the Termination Date;

(b) all Offer which have yet to be accepted by Eligible Persons will automatically lapse on the Termination Date and be null and void;

(c) all outstanding ESS Options which have yet to be exercised by Participants will be automatically terminated on the Termination Date; and

(d) all Unvested ESGP Shares will cease to be capable of being vested in the relevant Participants.

6.4 Subject to the relevant approvals being obtained, ATech may implement a new employees' share scheme after the expiration or termination of the Scheme.

7. RETENTION PERIOD

7.1 The ESS Shares to be allotted and issued or transferred pursuant to the Scheme will not subject to any retention period or restriction on transfer, save as otherwise provided in the Constitution of ATech, the Listing Requirements or By-Law 4 or unless the ESS Committee stipulates otherwise in the Offer.

7.2 The expression "retention period" referred to in By-Law 7.1 means the period in which the ESS Shares allotted and issued or transferred pursuant to this Scheme must not be sold, transferred, assigned or otherwise disposed of by the Participant.

8. OFFER OF AWARDS UNDER THE SCHEME

8.1 Pursuant to the Scheme, the ESS Committee may, subject to compliance with all relevant regulatory authorities' guidelines and/or directives, from time to time during the Scheme Period, make an Offer to a Selected Person to participate in the Scheme.

8.2 Subject to By-Law 8.3, an Offer will comprise an Award where a Participant is granted:

(a) the right to have a number of ESGP Shares vested in the Participant on the Vesting Date; and/or

(b) an ESS Option to subscribe for ATech Shares during the Option Period,

provided that the conditions as set out in By-Law 9.2 and such other conditions as may be stipulated by the ESS Committee in the Offer are duly and fully satisfied.

8.3 Nothing in the By-Laws will prevent the ESS Committee from making:

(a) an Offer to a Participant which consists of only an Award; or

(b) more than one Offer to any Participant provided always that the aggregate number of ESS Shares in respect of the Awards granted (including ESS Shares under ESS Options granted pursuant thereto) does not exceed the Maximum Allowable Allocation.

8.4 The Offer which has lapsed for any reason whatsoever may be made available for re-granting at the discretion of the ESS Committee under the Scheme.

9. TERMS OF THE OFFER

9.1 The ESS Committee may stipulate any terms and conditions it deems appropriate in an Offer and the terms and conditions of each Offer may differ.

9.2 The terms and conditions set out in the Offer relating to the Award(s) may include the following, where applicable:

(a) Value;

(b) ESGP Price;

(c) number of ATech Shares to be granted under an Award;

(d) Exercise Price;

(e) number of ATech Shares entitled to be acquire or subscribe upon the exercise of the ESS Option;

(f) Option Period;

(g) Offer Date;

(h) Offer Period;

(i) Vesting Date;

(j) Performance Targets;

(k) Performance Period;

and may include such/any other conditions as may be stipulated by the ESS Committee.

9.3 In the event of any error in the stating of any particulars referred to in By-Law 9.2 or otherwise in the Offer, the ESS Committee may, to the extent permitted by law, issue a supplemental Offer stating the correct particulars referred to in By-Law 9.2.

10. ESGP PRICE AND EXERCISE PRICE

Subject to any adjustments made under these By-Laws and pursuant to the Listing Requirements, the ESGP Price and Exercise Price shall be determined by the ESS Committee and in any case, shall be based on the five (5)-day volume weighted average market price of ATech Shares immediately preceding the Offer Date, with a discount, if any, provided always that such discount is no more than ten percent (10%), if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the Scheme Period.

11. ACCEPTANCE OF THE OFFER

11.1 The Offer may only be accepted by the Selected Person during the Offer Period in such form and manner as may be prescribed in the Offer and must be accompanied by a non-refundable sum of Ringgit Malaysia One (RM1.00) only payable to ATech only in the event the Offer comprises ESS Options. The date of receipt by the ESS Committee of such form together with the money will be the date of acceptance of the Offer by the Selected Person, provided that the Scheme is not terminated pursuant to By-Law 6.3.

11.2 In the event that the Selected Person fails to accept the Offer in the manner prescribed within the Offer Period, the Offer will automatically lapse and will then be null and void provided that the ESS Committee will not be precluded from making a fresh Offer on such terms as the ESS Committee may so decide to the Selected Person subsequently.

11.3 Within 30 calendar days after the due acceptance of the Offer (comprising ESS Options) or such longer period as may be determined by the ESS Commitee, the ESS Committee shall issue to the Participant a certificate of ESS Options in such form as may be determined by the ESS Committee.

12. SATISFACTION OF CONDITIONS

12.1 The determination as to whether the stipulated conditions in the Offer have been fulfilled will be made by the ESS Committee, as the case may be.

12.2 Where the ESS Committee has made the determination that the stipulated conditions has been fulfilled pursuant to By-Law 12.1, the ESS Committee will notify the Participant of:

(a) the number of ESGP Shares vested/which will be vested in him on the Vesting Date; and

(b) the number of ESS Shares which the Participant is entitled to acquire or subscribe upon the exercise of the ESS Option granted to him;

as the case may be. Upon receipt of such notification, the Participant will notify the ESS Committee (in the form as may be prescribed by the ESS Committee from time to time) of his CDS Account number.

12.3 In the event that the conditions stipulated in an Offer in respect of any one or more Participant cannot be achieved/satisfied, the ESS Committee may in its discretion by notice in writing to such Participant(s), waive any conditions stipulated in the Offer.

12.4 No Participant will have any right to or interest in the ESS Shares or right to exercise the ESS Options granted to him unless and until the ESS Committee has made a determination and notification under the provisions of By-Laws 12.1 and 12.2 and on and with effect from the Vesting Date or the date during the Option Period on which the ESS Options are duly exercised and the remittance for the full amount of the monies for the ESS Shares in respect of which the ESS Options are exercised is paid pursuant to By-Law 13.

12.5 In relation to ESGP Shares to be vested on the Vesting Date, the ESS Committee will, within 8 Market Days after the receipt of the Participant's notice of his CDS Account number pursuant to By-Law 12.2 (or such other period as may be prescribed or allowed by Bursa Securities):

(a) credit the relevant number of ESGP Shares into the CDS Account so notified;

(b) despatch a notice of transfer of such ESGP Shares to the Participant; and

(c) make an application for the quotation of such relevant number of ESGP Shares (where applicable).

12.6 In relation to ESS Shares to be alloted and issued and/or transferred pursuant to an exercise of an ESS Option, the ESS Committee will, within 8 market days after the ESS Committee's receipt of the notice of exercise of an ESS Option and remittance for the full amount of monies for the ATech Share in respect of which the ESS Option is exercised pursuant to By-Law 13.3 (or such other period as may be prescribed or allowed by Bursa Securities):

(a) credit the relevant number of ESS Shares into the CDS Account so notified;

(b) despatch a notice of allotment and issue and/or transfer of such ESS Shares issued pursuant to the ESS Option to the Participant; and

(c) make an application for the quotation of such relevant number of ESS Shares issued pursuant to the ESS Option (where applicable).

For the avoidance of doubt, no physical share certificates will be issued for the new ATech Shares.

13. EXERCISE OF ESS OPTIONS UNDER THE AWARD

13.1 An ESS Option may be exercised by a Participant within the Option Period in full or in part by notice in writing to ATech or ESS Committee in the prescribed form as may be amended from time to time during the Option Period, provided that where an ESS Option is exercised in part, such exercise must not be for less than 100 Shares and must be for multiples of 100 Shares other than in the case of the final exercise by the Participant under the ESS Option.

13.2 The partial exercise of an ESS Option will not preclude the Participant from exercising the ESS Option with respect to the balance of Shares comprised in the ESS Option during the Option Period.

13.3 Every notice of exercise of an ESS Option referred to in By-Law 13.1 must be in the form prescribed by the ESS Committee as amended from time to time and accompanied by a remittance for the full amount of the monies for the Shares in respect of which the ESS Option is exercised.

13.4 Subject to the discretion of the ESS Committee to waive any breach, failure by a Participant to comply with the procedure for an exercise of ESS Option as stipulated in the provisions of By-Law 13 will invalidate the purported exercise of such ESS Option by the Participant.

13.5 The ESS Committee may at any time and from time to time before and after the ESS Options are granted, limit the exercise of the ESS Options to a maximum number of new ATech Shares and/or such percentage of the total ATech Shares comprised in the ESS Options during such period within the Option Period and impose any other terms and/or conditions as the ESS Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier other than pertaining to the imposition of performance targets. Thereafter, the Participants are free to exercise the ESS Options without further performance targets being achieved.

13.6 An ESS Option is exercisable by the Participant only on a Market Day during the Option Period and while the Participant remains an Eligible Person.

Except when it is decided otherwise and announced by the ESS Committee:

(a) under each Award, the aggregate number of Shares which a Participant can subscribe under his/her ESS Options in a particular year of the Scheme (the first year to be calculated from the Effective Date and expiring 12 months after the Effective Date, and subsequent years shall be succesive 12-month periods thereafter), shall be determined as follows:

$$\text{Maximum number of ESS Options exercisable in any year} = \frac{\text{Total number of ESS Options under each Award}}{\text{Number of years remaining prior to expiry of the Scheme (excluding the year in which the Award is granted)}}$$

(b) a Participant may, in any one year, exercise his/her ESS Option according to the maximum number of ESS Options stipulated above. If any Participant does not wholly exercise his/her ESS Options up to the maximum number allowed in a particular year, the remaining unexercised ESS Options for any particular year will be accumulated to the said Participant's entitlement in the following year.

14. DISCIPLINARY ACTIONS

14.1 In the event a Selected Person is subject to Disciplinary Actions after an Offer is made but before the acceptance of such Offer by such Selected Person, the Offer is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the ESS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Actions made or brought against the Selected Person. Nothing in the By-Laws will prevent the ESS Committee (but the ESS Committeee will not be obliged to do so) from making a fresh Offer to such Selected Person in the event that such Disciplinary Actions are not found against him or if such Disciplinary Actions are withdrawn provided that such Offer is made within the duration of the Scheme Period.

14.2 In the event a Participant is subject to Disciplinary Actions, the right of the Participant to have vested any Unvested ESGP Shares and/or to exercise any Unexercised Option will be suspended pending the outcome of the Disciplinary Actions unless otherwise decided by the ESS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Actions made or brought against the Participant. Nothing in the By-Laws will prevent the ESS Committee (but the ESS Committeee will not be obliged to do so) from making a fresh Offer and/or reinstating the right of the Participant to have vested any Unvested ESGP Shares and/or to exercise any Unexercised Option in the event that such Disciplinary Actions are not found against him or if such Disciplinary Actions are withdrawn provided that such Offer and/or reinstatement is made within the duration of the Scheme Period. If the ESS Committee does not reinstate such right of the Participant prior to the expiry of the Scheme Period, the Offer and acceptance of the Offer will automatically lapse and will immediately become null and void.

For the avoidance of doubt, Disciplinary Actions initiated against a Participant after the exercise by such Participant of his/her ESS Option(s) in accordance with the terms of these By-Laws or after notice has been given by the ESS Committee of the right of the Participant to have the relevant number of ESS Shares vested in him on the Vesting Date pursuant to By-Law 12.2(a) will not affect the right of the Participant to acquire or subscribe the ESS Shares pursuant to such exercise of ESS Option or ESGP.

15. TERMINATION OF OFFERS, UNVESTED ESGP SHARES AND UNEXERCISED OPTION(S)

15.1 Subject to By-Laws 15.2 and 15.3, any unaccepted Offers in respect of a Selected Person and/or any Unvested ESGP Shares and/or any Unexercised Option in respect of a Participant will forthwith lapse and/or be deemed to be cancelled and/or ceased to be capable of vesting in a Participant and/or ceased to be exercisable, as the case may be, without any liability to or right to claim against ATech and/or the ESS Committee upon the occurrence of any one or more of the following events:

(a) service of a notice to resign by a Director and/or an employee or Participant, as the case may be;

(b) service of a notice of termination on or termination contract of service or cessation of employment of a Director (including removal thereof) and/or an employee or Participant with the ATech Group by reason of misconduct, as the case may be;

(c) bankruptcy of a Director and/or an employee or Participant, as the case may be; or

(d) any other circumstances prescribed by the ESS Committee from time to time.

15.2 In the event of the termination or cessation of employment or contract of service of the Participant with the ATech Group in any of the following circumstances:

(a) retirement on attaining the retirement age under the ATech Group's retirement policy;

(b) retirement before attaining the normal retirement age by reason of ill-health, injury, physical or mental disability;

(c) redundancy or voluntary separation scheme;

(d) transfer to any company outside the Group at the direction of ATech;

(e) termination or non-renewal of contract of service; or

(f) any other circumstances which are acceptable to the ESS Committee in its sole discretion;

the ESS Committee may in its discretion permit the vesting of Unvested ESGP Shares (or any part thereof) in the Participant and/or the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed notwithstanding that:

(a) the Vesting Date is not due or has not occurred; and/or

(b) the Option Period has not commenced; and/or

(c) other terms and conditions set out in the Offer has not been fulfilled/satisfied;

provided that unless the ESS Committee in its sole discretion so permits such vesting or exercise, as the case may be by notice in writing to the Participant, any unaccepted Offers in respect of an Award and/or any Unvested Scheme Share and/or any Unexercised Option in respect of a Participant will forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Participant and/or cease to be exercisable, as the case may be, without any liability to or right to claim against ATech and/or ESS Committee.

15.3 In the event of death of the Participant, By-Law 15.2 may at the discretion of the ESS Committee apply mutatis mutandis to the Participant's legal or personal representatives as if the Participant's legal or personal representatives were the Participant.

15.4 All ESS Options which the ESS Committee permits to be exercisable pursuant to By-Law 15.2 will automatically lapse and will become null and void to the extent unexercised by the date prescribed notwithstanding that the Option Period has not commenced or expired.

15.5 Any unaccepted Offers, Unvested ESGP Shares and/or Unexercised Options will forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting/exercisable, as the case may be, without any claim against ATech and/or ESS Committee upon the occurrence of one or more of the following events:

(a) winding-up or liquidation of ATech; or

(b) termination of the Scheme pursuant to By-Law 6.

16. ALTERATION OF CAPITAL

16.1 In the event of any alteration in the capital structure of ATech during the Scheme Period, whether by way of rights issue, bonus issue or other capitalisation of profit or reserves, , subdivision or consolidation of ATech Shares or reduction of capital or any other variation of capital being effected but excluding any cancellation of capital which is lost or unpresented by available assets, the ESS Committee may determine whether a material dilution or enlargement of the rights of the Participants would result from such alteration in the capital structure of ATech during the Scheme Period and if it so determines (i.e. that a material dilution or enlargement of the rights of the Participants would result from such alteration in the capital structure of ATech), adjustments in:-

(a) the ESGP Price and/or Exercise Price; and/or

(b) the number of ATech Shares comprised in the Offer;

will be made in order to prevent dilution or enlargement provided that no adjustments will be made in the event of any alteration in the capital structure of ATech in respect of which rights/benefits arising therefrom are accrued to the Shares pursuant to By-Law 17.

16.2 If the ESS Committee decides that no material dilution or enlargement of the rights of the Participants would result from an alteration in the capital structure of ATech and no adjustments will be made, the ESS Committee will inform the Participants of this decision through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESS Committee.

16.3 Subject to By-Law 16.5, any adjustment in the ESGP Price, Exercise Price and/or number of ATech Shares comprised in Offers will comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements) and will, where appropriate and to the extent possible, endeavour to give each Participant the same proportion of the issued ordinary shares of ATech as that to which he was previously entitled.

16.4 The provisions of By-Laws 16.1, 16.2 and 16.3 will not apply where a change in the capital structure of ATech arises from:

(a) the issue of ATech Shares or other securities convertible into ATech Shares or right to acquire or subscribe for ATech Shares in consideration or part consideration for any acquisition by the ATech Group;

(b) a special issue, restricted issue or private placement of ATech Shares;

(c) a share buy-back arrangement by ATech and the cancellation of all or a portion of the shares pursuant to the relevant provisions of the Companies Act;

(d) an issue of ATech Shares arising from the exercise of any conversion rights attached to securities convertible to ATech Shares or upon exercise of any other rights including warrants and convertible loan stocks (if any) issued by ATech;

(e) a special issue of new ATech Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or any other government authority to comply with Government policy on Bumiputera capital participation; and

(f) an issue of further Offers pursuant to the Scheme and the allotment and issuance of ATech Shares for the purpose of satisfying ESGP and ESS Options.

16.5 Any adjustment pursuant to this By-Law 16 will be made in accordance with the formulae as set out below on the Market Day immediately following the books closure date for the event giving rise to the adjustment:

(a) If and whenever a consolidation or subdivision or conversion of ATech Shares occurs, then the ESGP Price and/or Exercise Price will be adjusted and the additional number of Shares comprised in the Offer will be calculated in accordance with the following formula:

$$\text{New ESGP Price/New Exercise Price} = S \times \left[\frac{U}{V}\right]$$

$$\text{Adjustment on number of Awards unexercised} = T \times \left[\frac{V}{U}\right]$$

where

S = existing ESGP Price and/or Exercise Price; and

T = existing number of Shares comprised in the Offer that remains unexercised.

U = aggregate number of Shares (excluding Shares held as treasury shares, if any) in the shares gracapital of ATech immediately preceding such consolidation, subdivision or conversion; and

V = aggregate number of Shares in the share capital of ATech after such consolidation, subdivision or conversion.

Each such adjustment will be effective from the close of business on the Market Day immediately preceding the date on which the consolidation or subdivision or conversion becomes effective (being the date when the ATech Shares are traded on Bursa Securities at the new par value), or such period as may be prescribed by Bursa Securities.

(b) If and whenever ATech makes any issue of ATech Shares to its ordinary shareholders of ATech credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the ESGP Price and/or Exercise Price will be adjusted in the following manner:

$$\text{New ESGP Price/Exercise Price} = S \quad X \left[\frac{A}{A + B}\right]$$

and the additional number of Shares comprised in the Offer will be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[\frac{A+B}{A}\right] - T$$

where

A = the aggregate number of issued and fully paid-up ATech Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of ATech Shares to be issued pursuant to any allotment to ordinary shareholders of ATech credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund);

S = as S in By-Law 16.5(a) hereof; and

T = as T in By-Law 16.5(a) hereof.

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for such issue.

(c) If and whenever ATech makes:

(i) a Capital Distribution (as defined below) to its ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);

(ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for ATech Shares by way of rights; or

(iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into ATech Shares or securities with rights to acquire or subscribe for ATech Shares,

then and in respect of each such case, the ESGP Price and/or Exercise Price will be adjusted in the following manner:

$$\text{New ESGP Price/Exercise Price} = S \times \left[\frac{C - D}{C}\right]$$

and in respect of the case referred to in By-Laws 16.5(c)(ii) and (c)(iii) hereof, the additional number of Shares comprised in the Offer will be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[\frac{C}{C\text{-}D^*}\right] - T$$

where

C = the Current Market Price (as defined in By-Law 16.5(h) below) of each ATech Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;

D = (aa) in the case of an offer or invitation to acquire or subscribe for ATech Shares by way of rights under By-Law 16.5(c)(ii) above or for securities convertible into ATech Shares or securities with rights to acquire or subscribe for ATech Shares under By-Law 16.5(c)(iii) above, the value of rights attributable to 1 ATech Share (as defined below); or

(bb) in the case of any other transaction falling within By-Law 16.5(c) hereof, the fair market value, as determined by an auditor of ATech, of that portion of the Capital Distribution attributable to 1 ATech Share; and

S = as S in B1y-Law 16.5(a) hereof.

For the purpose of definition (aa) of D above, the "value of the rights attributable to 1 ATech Share" will be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where

C = as C in By-Law 16.5(c) hereof;

E = the subscription price for 1 additional ATech Share under the terms of such offer or invitation or subscription price for 1 additional ATech Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for 1 ATech Share under the offer or invitation;

F = the number of ATech Shares necessary for the ATech shareholder to hold in order to be offered or invited to acquire or subscribe for 1 additional ATech Share or security convertible into rights to acquire or subscribe for 1 additional ATech Share; and

D* = the value of rights attributable to 1 ATech Share (as defined below); and

For the purpose of definition D* above, the "value of rights attributable to 1 ATech Share" will be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where

C = as C in By-Law 16.5(c) hereof;

E* = the subscription price for 1 additional ATech Share under the terms of such offer or invitation to acquire or subscribe for ATech Shares; and

F* = the number of ATech Shares necessary for a ATech shareholder to hold in order to be offered or invited to acquire or subscribe for 1 additional ATech Share.

For the purpose of By-Law 16.5(c) hereof, "Capital Distribution" will (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of ATech Shares (not falling under By-Law 16.5(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend charged or provided for in the accounts of any period will (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders of ATech as shown in the audited consolidated profit and loss accounts of ATech.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

(d) If and whenever ATech makes an allotment to its ordinary shareholders as provided in By-Law 16.5 (b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 16.5(c)(ii) or (c)(iii) above and the record date for the purpose of the allotment is also book closure date for the purpose of the offer or invitation, the ESGP Price and/or Exercise Price will be adjusted in the following manner:

$$\text{New ESGP Price and/or Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I)}{(G + H + B) \times C} \right]$$

and where ATech makes an allotment to its ordinary shareholders as provided in By-Law 16.5(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 16.5(c)(ii) above and the record date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the additional number of Scheme comprised in the Offer will be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in ESS Options

$$= \quad T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Additional number of ESGP Shares to be vested

$$= \quad T \times \left[\frac{(G + H + B) \times C}{(G \times C) + (H \times I)} \right] - T$$

where

B	=	as B in By-Law 16.5(b) hereof;
C	=	as C in By-Law 16.5(c) hereof;
G	=	the aggregate number of issued and fully paid-up ATech Shares on the book closure date;
H	=	the aggregate number of new ATech Shares under an offer or invitation to acquire or subscribe for ATech Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into ATech Shares or rights to acquire or subscribe for ATech Shares, as the case may be;
H*	=	the aggregate number of new ATech Shares under an offer or invitation to acquire or subscribe for ATech Shares by way of rights;
I	=	the subscription price of 1 additional ATech Share under the offer or invitation to acquire or subscribe for ATech Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional ATech Share, as the case may be;
I*	=	the subscription price of 1 additional ATech Share under the offer or invitation to acquire or subscribe for ATech Shares; and
S	=	as S in By-Law 16.5(a) hereof; and
T	=	as T in By-Law 16.5(a) hereof.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for such issue.

(e) If and whenever ATech makes any offer or invitation to its ordinary shareholders to acquire or subscribe for ATech Shares as provided in By-Law 16.5(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for ATech Shares as provided in By-Law 16.5(c)(iii) above, the ESGP Price and/or Exercise Price will be adjusted by multiplying in the following manner:

$$\text{New ESGP Price/Exercise Price} = S \ X \left[\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}\right]$$

and the additional number of Shares comprised in the Offer will be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in ESS Options

$$= T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)}\right] - T$$

Additional number of ESGP Shares to be vested

$$= T \times \left[\frac{(G + H^* + J) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)}\right] - T$$

where

C	=	as C in By-Law 16.5(c) hereof;
G	=	as G in By-Law 16.5(d) hereof;
H	=	as H in By-Law 16.5(d) hereof;
H*	=	as H* in By-Law 16.5(d) hereof;
I	=	as I in By-Law 16.5(d) hereof;
I*	=	as I* in By-Law 16.5(d) hereof;
J	=	the aggregate number of ATech Shares to be issued to its ordinary shareholders of ATech upon conversion of such securities or exercise of such rights to subscribe for ATech Shares by the ordinary shareholders of ATech;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional ATech Share; and

S = as S in By-Law 16.5(a) hereof; and

T = as T in By-Law 16.5(a) hereof.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

(f) If and whenever ATech makes an allotment to its ordinary shareholders as provided in By-Law 16.5(b) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for ATech Shares as provided in By-Law 16.5(c)(ii) above, together with rights to acquire or subscribe for securities convertible into ATech Shares or with rights to acquire or subscribe for Shares as provided in By-Law 16.5(c)(iii) above, and the record date for the purpose of allotment is also the book closure for the purpose of the offer or invitation, the ESGP Price and/or Exercise Price will be adjusted in the following manner:

$$\text{New ESGP Price/Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}\right]$$

and the additional number of Shares comprised in the Offer will be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in ESS Options

$$= T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}\right] - T$$

Additional number of ESGP Shares to be vested

$$= T \times \left[\frac{(G + H^* + J + B) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)}\right] - T$$

where

B = as B in By-Law 16.5(b) hereof;

C = as C in By-Law 16.5(c) hereof;

G = as G in By-Law 16.5(d) hereof;

H = as H in By-Law 16.5(d) hereof;

H* = as H* in By-Law 16.5(d) hereof;

I = as I in By-Law 16.5(d) hereof;

I* = as I* in By-Law 16.5(d) hereof;

J = as J in By-Law 16.5(e) hereof;

K = as K in By-Law 16.5(e) hereof;

S = as S in By-Law 16.5(a) hereof; and

T = as T in By-Law 16.5(a) hereof.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

(g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of ATech and requiring an adjustment under By-Laws 16.5(c)(ii), (c)(iii), (d), (e) or (f) above), ATech will issue either any ATech Shares or any securities convertible into ATech Shares or any rights to acquire or subscribe for ATech Shares, and in any such case, the Total Effective Consideration per ATech Share (as defined below) is less than 90% of the Average Price for 1 ATech Share (as defined below) or, as the case may be, the price at which the ATech Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the ESGP Price and/or Exercise Price will be adjusted in the following manner:

$$\text{New ESGP Price/Exercise Price} = S \times \left[\frac{L + M}{L + N}\right]$$

where

L = the number of ATech Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

M = the number of ATech Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and

N = the aggregate number of ATech Shares so issued or, in the case of securities convertible into ATech Shares or rights to acquire or subscribe for ATech Shares, the maximum number (assuming no adjustment of such rights) of ATech Shares issuable upon full conversion of such securities or the exercise in full of such rights, and

S = as S in By-Law 16.5(a) hereof.

For the purpose of By-Law 16.5(g), the "Total Effective Consideration" will be determined by the Board with the concurrence of an auditor or relevant expert in the following manner:

(i) in the case of the issue of ATech Shares, the aggregate consideration receivable by ATech on payment in full for such ATech Shares; or

(ii) in the case of the issue by ATech of securities wholly or partly convertible into ATech Shares, the aggregate consideration receivable by ATech on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by ATech upon full conversion of such securities (if any); or

(iii) in the case of the issue by ATech of securities with rights to acquire or subscribe for ATech Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by ATech upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "Total Effective Consideration per ATech Share" will be the Total Effective Consideration divided by the number of ATech Shares issued as aforesaid or, in the case of securities convertible into ATech Shares or securities with rights to acquire or subscribe for ATech Shares, by the maximum number of ATech Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 16.5(g), the Average Price of a ATech Share will be the average price of 1 ATech Share as derived from the last dealt prices for one or more board lots of ATech Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such ATech Shares is determined.

Each such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which ATech determines the offering price of such ATech Shares. Each such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

(h) For the purpose of By-Law 16.5(c), (d), (e) and (f), the "Current Market Price" in relation to 1 ATech Share for any relevant day will be the five (5)-day volume weighted average market price of ATech transacted on the Bursa Securities immediately preceeding such date.

16.6 If an event occurs that is not set out in By-Law 16.5 or if the application of any of the formulae to an event results in a manifest error or in the opinion of ESS Committee is not appropriate, the ESS Committee may agree to an adjustment subject to the provision of By-Law 16.3 provided that the Participants will be notified of the adjustment through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESS Committee.

16.7 In the event that a fraction of an ATech Share arises from the adjustments pursuant to this By-Law 16, the number of ATech Shares will automatically be rounded down to the nearest whole number.

16.8 The provisions of By-Law 16 will also apply to a situation where the Offer Period has not lapsed and the Offer has not been accepted by the Participant or withdrawn by the ESS Committee.

17. TAKEOVER AND DISPOSAL OF ASSETS

17.1 In the event of:

(a) a take-over offer being made for ATech through a general offer to acquire the whole of the issued shares of ATech (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or have become unconditional; or

(b) ATech dispose of all or substantially all of its assets and the disposal becomes unconditional,

upon determination of the ESS Committee at its sole discretion, the Unvested ESGP Shares may be immediately vested in a Participant and/or any Unexercised Options may immediately be exercised by a Participant at any time subject to such terms and conditions (if any) as may be prescribed by the ESS Committee notwithstanding that:

(i) the Vesting Date is not due or has not occurred; and/or

(ii) the Option Period has not commenced.

17.2 All ESS Options which the ESS Committee permits to be exercisable pursuant to By-Law 17.1 will automatically lapse and will become null and void to the extent unexercised by the date prescribed notwithstanding that the Option Period has not commenced or expired.

18. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

18.1 In the event of the court sanctioning a compromise or arrangement between ATech and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of ATech or its amalgamation with any other company or companies the ESS Committee may permit the vesting of Unvested ESGP Shares (or any part thereof) in the Participant and/or the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed notwithstanding that:

(a) the Vesting Date is not due or has not occurred; and/or

(b) the Option Period has not commenced; and/or

(c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

18.2 All ESS Options which the ESS Committee permits to be exercisable pursuant to By-Law 18.1 will automatically lapse and will become null and void to the extent unexercised by the date prescribed notwithstanding that the Option Period has not commenced or expired.

19. RIGHTS ATTACHED TO SHARES

19.1 Awards satisfied via ESGP

(a) In the event the Awards are satisfied via ESGP, the Participant will not be entitled to any entitlement attached to the ATech Shares in respect of which the entitlement date is prior to the date on which the ATech Shares are allotted/credited into the CDS Account of the Participant.

19.2 Awards satisfied via grant of ESS Options

(a) The new ATech Shares to be allotted upon exercise of the ESS Options pursuant to Awards will upon allotment and issue, rank *pari passu* in all respects with the existing ATech Shares, save and except that the new ATech Shares so issued will not be entitled for any dividends, rights, allotments and/or other distribution in respect of which the entitlement date is prior to the allotment of the ATech Shares to the Participant.

(b) In the event the ESS Options exercised are satisfied via existing ATech Shares, the Participant will not be entitled to any entitlement attached to such ATech Shares in respect of which the entitlement date is prior to the date on which the ATech Shares are credited into the CDS Account of the Participant.

19.3 The ESS Shares will subject to all the provisions of the Constitution of ATech in relation to their transfer, transmission or otherwise.

20. ADMINISTRATION

20.1 The Scheme will be implemented and administered by the ESS Committee consisting of such persons from the Board and/or Senior Management of the Group, appointed by the Board from time to time. The ESS Committee is to ensure that the respective Directors and/or senior management do not participate in the deliberation or discussion of their own allocation.

20.2 The ESS Committee will administer the Scheme in such manner as it in its discretion deems fit. For the purpose of administering the Scheme, the ESS Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Scheme, as the ESS Committee may in its discretion deem fit necessary and/or expedient for the implementation and administration of, and to give full effect to, the Scheme.

20.3 The Board will have power at any time and from time to time to:

(a) approve, rescind and/or revoke the appointment of any member of the ESS Committee and appoint replacement members to the ESS Committee; and

(b) assume and/or exercise or execute any of the powers and authorities conferred upon the ESS Committee pursuant to these By-Laws.

20.4 The ESS Committee has the absolute discretion in determining whether the Awards will be granted in a single tranche or on a staggered basis over the duration of the Scheme.

21. IMPLEMENTATION OF THE SCHEME

21.1 In implementing the Scheme, the ESS Committee may in its sole discretion and subject to compliance with the provisions of the Companies Act and the Listing Requirements, decide that the Awards be satisfied either by way of:

(a) issuance of new ATech Shares;

(b) acquisition of existing ATech Shares from the open market;

(c) transferring ATech Shares held in treasury;

(d) payment of cash; or

(e) a combination of any of the above.

21.2 In considering the settlement of the Awards, the ESS Committee will take into consideration, amongst others, factors such as the prevailing market price of ATech Shares, funding considerations and dilutive effects on ATech's capital base.

For the avoidance of doubt, should the ESS Committee decide to satisfy the Awards via payment by cash, the amount to be paid to the Participant for each ESGP or ESS Option exercised will be the excess of the five (5)-day volume weighted average market price of ATech Shares immediately preceeding the date of vesting of ESGP Shares or exercise of the ESS Options over the Exercise Price, if any.

22. QUOTATION

In cases where the ESGP and/or ESS Options are satisfied by the issue of new ATech Shares, the new ATech Shares to be allotted will not be listed or quoted on the Main Market of Bursa Securities until an application is made to Bursa Securities for such listing and quotation of the new ATech Shares.

23. AMENDMENT, VARIATION AND/OR MODIFICATION TO THE SCHEME

23.1 Subject to the By-Law 23.2 and compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESS Committee may at any time and from time to time recommend to the Board any additions, amendments and/or modifications to and/or deletions of these By-Laws as it in its discretion thinks fit and the Board will at any time and from time to time have the power by resolution to add to, amend, modify and/or delete all or any part of these By-Laws upon such recommendation.

23.2 The approval of the shareholders of ATech in general meeting will not be required in respect of additions, amendment and/or modification to or deletion of these By-Laws save and except if such addition, amendment, modifications and/or deletion would:

(a) increase the number of Shares available for issuance under the Scheme beyond the Maximum ESS Shares; or

(b) provide an advantage to any Participant or group of Participants or all the Participants unless otherwise permitted under the provisions of the Listing Requirements.

23.3 Where an amendment and/or modification is made to these By-Laws, ATech must submit to Bursa Securities, the amendment and/or modification to these By-Laws and a confirmation letter that the amendment and/or modification complies with the provisions of the guidelines on employee share scheme stipulated under the Listing Requirements no later than five (5) Market Days from the effective date of the said amendment and/or modification.

24. NON-TRANSFERABILITY

The rights of a Participant to the vesting of ESGP Shares and where applicable, to ESS Options are personal to him and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever unless By-Laws 15.3, 16.1 and 18.1 (where applicable) apply.

25. DISPUTES

In the event of any dispute between the ESS Committee with an Eligible Person or any Participant or group of Participants, as to any matter or thing of any nature arising hereunder, such dispute or difference are to be referred the Board whose decision will be final and binding on all parties in all respects.

26. SCHEME NOT A TERM OF EMPLOYMENT/ CONTRACT OF SERVICE

This Scheme does not form part of or will not in any way be construed as forming part of the terms and conditions of employment or contract of service of any Director or employee. This Scheme will not confer or be construed to confer on any Director and/or employee any special rights or privileges over the Director and/or employees' terms and conditions of employment or contract of service in the ATech Group or any rights in addition to compensation or damages that the Director and/or employee may be normally entitled to arising from the cessation of such employment or contract of service.

27. COMPENSATION

27.1 No Directors, employees or Participants who cease to hold office in or employment or under a contract of service with the ATech Group will be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme.

27.2 ATech, the Board or the ESS Committee will not be liable for any compensation, loss or damages of any claim, action or proceeding by any Director, employee, Participant or legal or personal representatives whatsoever and howsoever arising from the suspension of rights to the vesting of ESGP Shares and/or his rights to exercise his ESS Options, ceasing to be valid pursuant to the provisions of these By-Laws.

28. DIVESTMENT FROM THE GROUP

28.1 If a Participant who held office or was in the employment or under a contract of service with a corporation of the ATech Group which has ceased to be a Subsidiary as a result of a restructuring or divestment exercise or otherwise (other than a takeover or reconstruction as provided under these By-Laws), the ESS Committee may in its discretion permit the vesting of Unvested ESGP Shares (or any part thereof) in the Participant and/or the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed notwithstanding that:

(a) the Vesting Date is not due or has not occurred;

(b) the Option Period has not commenced; and/or

(c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

28.2 All ESS Options which may be allowed by the ESS Committee to be exercisable under By-Law 28.1(b), to the extent unexercised by the date prescribed by the ESS Committee, will automatically lapse and will become null and void.

29. TRANSFER TO OTHER COMPANIES NOT WITHIN THE GROUP

29.1 Notwithstanding By-Law 15.1, in the event a Participant who was employed in a corporation within the Group and is subsequently transferred from such corporation to an associate company of ATech, the Participant will be entitled to:

(a) continue to have a right in any Unvested ESGP Shares; and

(b) exercise any Unexercised Options;

upon the same terms and conditions as may be set out in the Offer as if the Participant is still in employment or under a contract of service with the Group for the purposes of the Scheme Period.

29.2 In the event that a person who was in the employment or under a contract service of a company which subsequently becomes a Subsidiary as a result of a restructuring or acquisition or otherwise involving ATech and/or any company within the Group, such person (“**Affected Participant**”) will, if the Affected Participant satisfies all the relevant conditions of these By-Laws, be eligible to be considered for an Offer for the remaining Scheme Period at the discretion of the ESS Committee.

30. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

All Participants will be entitled to inspect a copy of the latest audited financial statements of ATech at the registered office of ATech from Monday to Friday (excluding public holidays) during normal office hours.

31. COSTS, EXPENSES AND TAXES

31.1 ATech will bear all fees, costs and expenses incurred in relation to the Scheme including but not limited to the costs and expenses (including stamp duty, if any) relating to the issue, allotment and/or transfer of ESS Shares pursuant to the ESGP or exercise of the ESS Options.

31.2 For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes, including, without limitation, income taxes that are incurred by a Participant pursuant to by-Law 31.1 or relating to the exercise of any ESS Options or vesting of ESGP Shares and any holding or dealing of such ESS Shares (such as, but not limited to brokerage commissions and stamp duty) will be borne by that Participant and ATech will not be liable for any of such costs, fees, levies, charges and/or taxes.

32. CONSTITUTION

Notwithstanding the terms and conditions contained in this Scheme, if a situation of conflict should arise between any provision of these By-Laws and the Constitution of ATech and/or the Listing Requirements, the provisions of the Constitution of ATech and/or the Listing Requirements will prevail to the extent of such conflict.

33. ERRORS AND OMISSIONS

If in consequence of an error or omission, the ESS Committee discovers/determines that:

(a) a Director and/or an employee who was selected by the ESS Committee as a Participant, has not been given the opportunity to participate in the Scheme on any occasion; or

(b) the number of the ATech Shares alloted and issued and/or transferred to any Participant (including those alloted and issued and/or transferred pursuant to an exercise of ESS Option(s)) on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the ESS Committee may do all such acts and things to rectify such error or omission and ensure that the Particpant is given the opportunity to participate in the Scheme and/or the aggregate number of ATech Shares to which the Participant is correctly entitled to is credited into his CDS Account.

34. NOTICE

34.1 Any notice under the Scheme required to be given to or served upon the ESS Committee by a Director, employee, Participant or any correspondence to be made between a Director, employee, Participant to the ESS Committee will be given or made in writing and sent to the registered office of ATech or such other office which the ESS Committee may have stipulated for a particular purpose of delivery by hand (with acknowledgement of receipt) or registered letter.

34.2 Unless otherwise provided in these By-Laws, any notice which under the Scheme is required to be given to or served upon a Director, employee, Participant and correspondence to be made with a Director, employee or Participant will be deemed to be sufficiently given, served or made if it is given, served or made by hand or registered letter addressed to the Director, employee or Participant at the place of employment or address known to ATech or address. Any notice served by hand or post as aforesaid will be deemed to have been received at the time when such notice if by hand is received and duly acknowledged if by registered letter would in the ordinary course of post be delivered.

34.3 Notwithstanding By-Law 34.2, where any notice is required to be given by ATech or the ESS Committee under these By-Laws in relation to matters which may affect all the Directors, employees or Participants, as the case may be, ATech or ESS Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESS Committee. Upon the making of such an announcement, the notice to be made under By-Law 34.2 will be deemed to be sufficiently given, served or made to all affected Directors, employees, or Participants, as the case may be.

35. SEVERABILITY

If at any time any provision of these By-Laws is or becomes illegal, void or unenforceable in any respect, the same will be ineffective to the extent of such illegality, voidness or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability will not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

36. DELAY OF PERFORMANCE

The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond the control of ATech or the ESS Committee.

37. DISCLAIMER OF LIABILITY

37.1 Notwithstanding any provisions contained herein and subject to the Companies Act, the ESS Committee and ATech, the Board (including Directors of ATech who have resigned but were on the Board during the Scheme Period) will not under any circumstances be liable for any cost, loss, expense and/or damage whatsoever incurred, arising and/or suffered by any Participant howsoever arising in the event of:-

(a) any delay on the part of ATech or ESS Committee in allotting and issuing new ATech Shares and/or applying for or procuring the listing of the new ATech Shares on Bursa Securities and/or transferring the ESGP Shares in accordance with these By-Laws for any reason whatsover.

(b) any delay in crediting the new ATech Shares into the CDS Account as stated in the notice of exercise given by the Participant; and

(c) any other matter or dealing which is outside the control of the Company.

37.2 The Participant will at all times indemnify and keep ATech indemnified against all losses, damages, claims, proceedings, demands, actions, penalties and expenses whatsoever that may be made or brought against and/or suffered by ATech at any time as a result of and/or in connection with or arising from any failure on the part of the Participant to perform and/or observe the terms and conditions and stipulations of the By-Laws as from and including the Effective Date or for any act or default under or for any breach of any provision of the By-Laws by the Participant or that may be incurred suffered or sustained by ATech as a result thereof and the Participant will promptly upon a demand being made by ATech pay to ATech all amounts so paid incurred suffered or sustained by ATech.

38. DECISION OF THE ESS COMMITTEE

Any decision and/or determination made by the ESS Committee under these By-Laws will, in the absence of any manifest of error, be final and binding.

39. GOVERNING LAW

The Scheme is governed by and construed in accordance with the laws of Malaysia. The Participant, by accepting the Offer in accordance with the By-Laws and terms of the Scheme and the Constitution of ATech, irrevocably submit to the non-exclusive jurisdication of the courts in Malaysia.

ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH

CBRE | WTW

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Our Ref: WTW/03/V/002186/20/PEH/cpk(luq)

2 November 2021

PRIVATE & CONFIDENTIAL

THE BOARD OF DIRECTORS
AURELIUS TECHNOLOGIES BERHAD
Plot 21, Jalan Hi-Tech 4
Industri Zone Phase 1, Kulim Hi-Tech Park
09090 Kulim
Kedah Darul Aman

Dear Sirs

CERTIFICATE OF VALUATION OF
LOT NO. 4271, SECTION 39, TOWN OF KULIM
DISTRICT OF KULIM, KEDAH
(Plot 21, Jalan Hi-Tech 4, Industrial Zone Phase 1, Kulim Hi-Tech Park,
09090 Kulim, Kedah Darul Aman)
FOR SUBMISSION TO SECURITIES COMMISSION MALAYSIA ("SC")

We thank you for your instructions to carry out a formal valuation and providing our opinion on the market value of the unexpired 60-year leasehold interest of the above-mentioned property for the purpose of the submission to the SC by Aurelius Technologies Berhad ("ATech"), the holding company of BCM Electronics Corporation Sdn Bhd in relation to the proposed initial public offering of ATech on the Main Market of Bursa Malaysia Securities Berhad ("IPO").

Having inspected the property and investigated available data related and relevant to the matter, we are pleased to report that in our opinion, the market value of the subject property as at 31 March 2021, with permission to transfer, sublet, sublease and charge, and free from all encumbrances, is **RM28,000,000/- (Ringgit Malaysia : Twenty Eight Million Only)**.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH *(Cont'd)*

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C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/03/V/002186/20/PEH/cpk(luq)
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PROPERTY IDENTIFICATION

The property	:	An industrial complex in Industrial Zone Phase 1, Kulim Hi-Tech Park
Address	:	Plot 21, Jalan Hi-Tech 4, Industrial Zone Phase 1, Kulim Hi-Tech Park, 09090 Kulim, Kedah Darul Aman
Title No.	:	GRN 210066
Lot No.	:	4271, Section 39, Town of Kulim, District of Kulim, Kedah
Land Area	:	40,627 square metres (437,305 sq. ft.)(10.039 acres)
Registered Owner	:	Perbadanan Kemajuan Negeri Kedah – full share
Tenure	:	Term in perpetuity
Leaseholder	:	BCM Electronics Corporation Sdn Bhd
Leaseholder Interest	:	60-year leasehold commenced on 29 October 1996 and expiring 28 October 2056
Category of Land Use	:	Industrial
Encumbrances	:	The leasehold interest is charged to Malayan Banking Berhad.
Other Endorsements	:	The entire land is leased to BCM Electronics Corporation Sdn Bhd for a period of 60 years, commencing from 29 October 1996 and expiring on 28 October 2056, vide Presentation Number 4924/2000, registered on 2 April 2000.
Express Condition		Tanah yang terkandong dalam hakmilik ini hendaklah digunakan sebagai bangunan untuk Tapak Industri sahaja.
Restriction In Interest	:	a) Tanah yang terkandong dalam hakmilik ini boleh dipindah milik oleh Perbadanan Kemajuan Negeri Kedah kepada pembeli pertama. b) Ditegah pindah milik selanjutnya sehingga selepas 10 tahun melainkan dengan kebenaran Majlis Mesyuarat Kerajaan.
Age of Buildings and Structures	:	21 years for Phase 1 19 years for Phase 2
Date of Valuation	:	31 March 2021

ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH *(Cont'd)*

CBRE | WTW

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/03/V/002186/20/PEH/cpk(luq)
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GENERAL DESCRIPTION

The subject property is an industrial complex located within the Industrial Zone Phase 1 of the Kulim Hi-Tech Park, Kulim, Kedah. It is erected on Lot No. 4271, Section 39, Town of Kulim, District of Kulim, Kedah. It bears postal address No. Plot 21, Jalan Hi-Tech 4, Industrial Zone Phase 1, Kulim Hi-Tech Park, 09090 Kulim, Kedah Darul Aman.

Site

The site is almost trapezoidal in shape with a surveyed land area of 4.0627 hectares (40,627 square metres)(10.039 acres). It has a frontage of 251.252 metres (approximately 824 feet) onto Jalan Hi-Tech 4 and a depth of 173.94 metres (approximately 571 feet) along its southern boundary.

The land is generally flat and lies at about the same level as the existing frontage road except the northern portion which is lies slightly lower than the frontage road.

The boundaries are not demarcated by any form of fencing. A guard house with security automation system is installed at the main front entrance.

The internal driveways are paved with tarmac.

Car parking bays and motorcycle parking areas are provided within the compound.

Buildings and Structures

Phase 1

a) Single-Storey Production Area

The building is constructed of plastered brickwalls on a reinforced concrete framework supporting a metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil. The building has main floor area of 39,181 square feet (3,640.00 square metres).

b) Annexed Double-Storey Office Building

The building is constructed of partly plastered brickwalls and partly glass curtain walls on a reinforced concrete framework supporting a metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil. The building has gross floor area of 35,202 square feet (3,270.37 sq. metres).

c) One-and-A-Half (1½)-Storey Facility Section

This section is constructed of mainly plastered brickwalls and partly metal on a reinforced concrete framework supporting partly metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil and partly reinforced concrete flat roof. The building has gross floor area of 30,490 square feet (2,832.61 sq. metres).

d) Guard House

The guard house is erected at the main entrance from Jalan Hi-Tech 4. The building is constructed of aluminium composite panel / glass panel walls on a metal framework supporting a metal framed butterfly roof. The guard house has gross floor area of 1,283 square feet (119.20 sq. metres).

GENERAL DESCRIPTION (Cont'd)

Buildings and Structures (Cont'd)

Phase 2

a) Single-Storey Production Area

This single-storey production area (Phase 2) is adjoining to the single-storey production area (Phase 1). It is constructed of plastered brickwalls on a reinforced concrete framework supporting a metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil. The building has main floor area of 44,184 square feet (4,104.82 sq. metres).

b) Annexed Double-Storey Office Building

This annexed double-storey office building (Phase 2) which is adjacent to the annexed double-storey office building (Phase 1) is constructed of partly plastered brickwalls and partly glass curtain walls on a reinforced concrete framework supporting a metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil. The building has gross floor area of 16,735 square feet (1,554.70 sq. metres).

c) One-and-A-Half (1½)-Storey Warehouse / Utility Section

This section is adjoining to the southern portion of the 1½-storey facility section (Phase 1). The building is constructed of plastered brickwalls on a reinforced concrete framework supporting a metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil. The building has gross floor area of 23,623 square feet (2,194.61 sq. metres).

d) Covered Passageway

The covered passageway is adjoining to the southern portion of the one-and-half (1½)-storey production area and warehouse / utility section. It is constructed of a metal framework supporting a metal truss roof covered with klip-lok roofing sheets. The structure has ancillary floor area of 4,313 square feet (400.70 square metres).

e) Motorcycle Shed

The structure is constructed of a metal framework supporting a metal truss roof covered with klip-lok roofing sheets. The structure has ancillary floor area of 784 square feet (72.80 square metres).

REPAIRS AND MAINTENANCE

The buildings and structures under Phase 1 were built in 1999 while those under Phase 2 were built in 2002.

At the time of our inspection, the buildings were generally in a good state of repair and maintenance. No recent significant refurbishment or renovation were done on the buildings and structures.

The subject buildings and structures have been constructed and completed according to Approved Building Plans and the corresponding Certificates of Fitness for Occupation (CFO) have been issued by the Local Authority Kulim Hi-Tech Industrial Park (PBT TPHTK) with the details as follows:-

	Buildings	
	Phase 1	Phase 2 (Extension)
Approved Plans Ref. No.	PBT/T/25/22-98	PBT/T/25/22-98(1)
Dated	3 October 1999	30 September 2001
CFO No.	0019	0034
Dated	31 May 2000	31 October 2002

The age of the subject buildings and structures are approximately 21 years for Phase 1 and 19 years for Phase 2. There were no breaches of relevant laws, rules and regulations noted on the subject property.

EXISTING USE / OCCUPATION

At the time of our inspection, the subject property was occupied by the registered leaseholder, BCM Electronics Corporation Sdn Bhd, as industrial complex in the manufacturing of electronics parts and products including printed circuit board assemblies (PCBA), subassemblies and finished electronics products such as two-way radio, internet of things devices and telematics instrumentation.

METHOD OF VALUATION

The subject property is valued using the Cost Approach as the primary approach and the Income Approach (Investment Method) is used as a cross check.

VALUE CONSIDERATION

a. Cost Approach

The Cost Approach of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property.

The land is valued by reference to transactions of similar lands in the surrounding with adjustments made for differences in size, accessibility, frontage, site improvement, tenure if any and other relevant characteristics. The buildings are valued by reference to their depreciated replacement costs, i.e. the replacement cost new less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the buildings at the date of valuation. The land and building values are then summated to arrive at the market value of the subject property.

Land Value

In arriving at the market value of the subject property, several recent transactions of comparable industrial lands have been considered.

VALUE CONSIDERATION (Cont'd)

a) Cost Approach (Cont'd)

Land Value (Cont'd)

Adjustment – For the subject property

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Lease Agreement	Valuation and Property Services Department (JPPH) and Lease Agreement	Valuation and Property Services Department (JPPH) and Lease Agreement	Lease Agreement
Scheme	Kulim Hi-Tech Park Phase 4	Kulim Hi-Tech Park Phase 4	Kulim Hi-Tech Park Phase 4	Kulim Hi-Tech Park Phase 3
Lot No.	PT 4065	PT 4079, PT 4058 and PT 4059	PT 4066	70875
Section / Town	Section 11, Town of Lunas	Section 11, Town of Lunas	Section 11, Town of Lunas	Section 39, Town of Kulim
District	Kulim	Kulim	Kulim	Kulim
State	Kedah	Kedah	Kedah	Kedah
Location	Along Butterworth-Kulim Expressway, Kulim Hi-Tech Park Phase 4	Along Jalan Hi-Tech 16 and Lebuh Raya Perdana, Kulim Hi-Tech Park Phase 4	Along Butterworth-Kulim Expressway, Lebuh Raya Perdana and Lorong Hi-Tech 14, Kulim Hi-Tech Park Phase 4	Along Jalan Hi-Tech 14, Kulim Hi-Tech Park Phase 3
Land Area (square metres)	118,700.00 square metres (1,277,676 square feet / 29.331 acres)	319,329.66 square metres (3,437,236 square feet / 78.908 acres)	79,070.00 square metres (851,102 square feet / 19.539 acres)	29,400.00 square metres (316,459 square feet / 7.265 acres)
Type	A parcel of vacant industrial land	A parcel of vacant industrial land	A parcel of vacant industrial land	A parcel of vacant industrial land
Tenure	60-year leasehold expiring 31 August 2080	60-year leasehold expiring 20 November 2079	60-year leasehold expiring 20 December 2078	60-year leasehold expiring 17 April 2078
Date of Transaction	1 September 2020	22 October 2019	21 December 2018	18 April 2018
Vendor	Kulim Technology Park Corporation Sdn Bhd	Kulim Technology Park Corporation Sdn Bhd	Kulim Technology Park Corporation Sdn Bhd	Kulim Technology Park Corporation Sdn Bhd
Purchaser	Aspen Glove Sdn Bhd	Jinjing Technology Malaysia Sdn Bhd	Everbest Biotech Sdn Bhd	Aicello Malaysia Sdn Bhd
Consideration	RM51,107,040/-	RM88,000,000/-	RM26,810,243.46	RM10,285,000/-
Analysed Land Value	RM40.00 per square foot (RM430.56 per square metre)	RM25.60 per square foot (RM275.58 per square metre)	RM31.50 per square foot (RM339.07 per square metre)	RM32.50 per square foot (RM349.83 per square metre)
Consideration after adjustment of staggered payment	RM46,679,699.39	-	RM26,672,076.83	-
Analysed land price (after adjustment for staggered payment	RM36.53 per square foot (RM393.26 per square metre)	-	RM31.34 per square foot (RM337.32 per square metre)	-

VALUE CONSIDERATION (Cont'd)

a) Cost Approach (Cont'd)

Land Value (Cont'd)

Adjustment – For the subject property (Cont'd)

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Adjustments	Size, site improvement, location - accessibility / visibility, frontage and tenure	Size, site improvement, location - accessibility / visibility, frontage and tenure	Size, site improvement, location - accessibility / visibility, frontage and tenure	Site improvement and tenure
Adjusted Land Value	RM22.65 per square foot (RM243.82 per square metre)	RM21.63 per square foot (RM232.86 per square metre)	RM18.65 per square foot (RM200.71 per square metre)	RM26.65 per square foot (RM286.86 per square metre)

From the above analysis, the adjusted land values range from RM18.65 per square foot (RM200.71 per square metre) to RM26.65 per square foot (RM286.86 per square metre) among the comprables.

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable as it is the latest transaction.

The adopted land value is rounded down to RM22.50 per square foot (RM242.19 per square metre).

The land value of the subject property based on RM22.50 per square foot is derived at RM9,839,362/-, say RM10,000,000/-.

Building Value

The building values are derived based on our analysis of construction cost during our previous valuation of other comparable industrial properties and from our research as well as referring to the Juru Ukur Bahan Malaysia (JUBM) and Arcadis Construction Cost Handbook Malaysia 2020 published by Arcadis (Malaysia) Sdn Bhd as a guide.

The building values adopted for the subject buildings are as follows:-

Phase	Description	Building Value	
		Main Floor Area (RM per square foot)	Ancillary Floor Area (RM per square foot)
Phase 1	Single-storey Factory and Annexed Double-Storey Office Building	RM165	RM85
	1.5-storey Facility Section	RM165	RM85
	Guard House	RM100	RM50
Phase 2	Single-storey Factory and Annexed Double-Storey Office Building	RM165 & RM85 (AHU platform)	RM85
	1.5-storey Warehouse / Utility Section	RM165	RM85
	Motorcycle Shed	-	RM85
	Covered Passageway	-	RM85

Depreciation

We have adopted a depreciation rate at 40%.

VALUE CONSIDERATION (Cont'd)

a) Cost Approach (Cont'd)

The market value of the subject property based on Cost Approach is summarised as follows:-

Description	Market Value
Land Value	RM10,000,000/-
Depreciated Building Value	RM18,000,000/-
Market Value	RM28,000,000/-

Hence, the market value of the subject property derived from Cost Approach is **RM28,000,000/-**.

b) Income Approach (Investment Method)

This method entails determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

Summary of Parameters Adopted in Valuation

The parameters adopted in the Income Approach (Investment Method) for the subject property are as follows:-

Description	Parameters	Remarks
Gross Market Rental	RM1.16 per square foot per month on the lettable area of the aforementioned buildings and structures	Considered the concluded / realised rentals of industrial buildings within the surroundings with adjustments made on location – general & accessibility / visibility, size, building specifications, facilities / amenities provided within industrial park, to arrive at the prevailing market rental.
	RM0.25 per square foot per month on the aforementioned vacant land	Considered the concluded / realised rental and asking rentals of vacant industrial lands within the surroundings with adjustments made on location – general & accessibility / visibility, facilities / amenities provided within industrial park and discount due to negotiation on asking rental, to arrive at the prevailing market rental.
Outgoings	RM0.10 per square foot per month on the lettable area of the aforementioned subject buildings and structures which have been issued with Certificates of Fitness for Occupation (CFO)	Considered the current actual outgoings of the quit rent, assessment and insurance premium (for the subject buildings and structures and their building services) and the estimated capital expenditure for structural repair and maintenance.
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate (with dual rate)	7.00% and 4.00%	Based on the analysis of recently rented industrial complexes within Penang with adjustments made on location and tenure, the adjusted net yields range from 5.66% to 9.03%. The average of the adjusted net yields is 7.01%. As such, we have adopted the net yield at 7.00% and 4.00% (dual rate).

ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH *(Cont'd)*

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VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method) (Cont'd)

The market value of the subject property derived from the Income Approach (Investment Method) is RM29,272,429/-, say **RM29,300,000/-**.

RECONCILIATION OF VALUE

The market value for the subject property derived from Cost Approach and Income Approach (Investment Method) are as follows:-

Cost Approach	**RM28,000,000/-**
Income Approach (Investment Method)	**RM29,300,000/-**

We have adopted the market value derived from Cost Approach as a fair presentation of the market value of the subject property in view that there are sufficient transactions of comparable vacant industrial lands within the subject scheme of Kulim Hi-Tech Park for analysis and adjustments as well as availability of data on building construction cost to refer to as a guide, in order to reflect the market value of the subject property.

On the other hand, the Income Approach (Investment Method) is more aptly for the fair presentation of the market value for investment properties, comprising commercial and income generating properties such as purpose-built office buildings, shopping malls, public warehouses, etc.

The subject buildings and structures have been constructed to suit the specific requirement of its manufacturing / industrial activities, and not for the purpose of generating revenue from renting out the premises. As such, for a fair presentation of the market value of the subject property, the Cost Approach is the better method than the Income Approach (Investment Method).

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property as at 31 March 2021, with permission to transfer, sublet, sublease and charge, and free from all encumbrances, at **RM28,000,000/- (Ringgit Malaysia : Twenty Eight Million Only)**.

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd

Sr PEH SENG YEE
MBA, B. Surv (Hons) Prop. Mgt., MRICS, FRISM, MPEPS, MMIPFM
Chartered Surveyor, Registered Valuer (V-527)