

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF FEYTECH HOLDINGS BERHAD ("FEYTECH HOLDINGS" OR "COMPANY") DATED 2 MAY 2024 ("ELECTRONIC PROSPECTUS")

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

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("**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, TA Securities Holdings Berhad ("**TA Securities**"), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

Prospective investors 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, TA Securities and Feytech Holdings 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.

Close of Application

Applications for the IPO Shares will open at 10.00 a.m. on 2 May 2024 and will close at 5.00 p.m. on 8 May 2024. If there is any change to the timetable, the Company will advertise a notice of the changes in widely circulated daily English and Bahasa Malaysia daily newspapers within Malaysia and make the relevant announcement(s) on the Website.

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 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.

P R O S P E C T U S

FEYTECH

FEYTECH HOLDINGS BERHAD

Registration No. 202301013791 (1507713-V)
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING (“**IPO**”) OF 252,940,800 ORDINARY SHARES IN FEYTECH HOLDINGS BERHAD (“**FEYTECH HOLDINGS**” OR “**COMPANY**”) (“**SHARES**”) IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED SHARE CAPITAL OF FEYTECH HOLDINGS ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“**BURSA SECURITIES**”) COMPRISING:

(A) A PUBLIC ISSUE OF 143,324,800 NEW SHARES IN THE FOLLOWING MANNER:

- (I) 42,160,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- (II) 25,296,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF FEYTECH HOLDINGS AND ITS SUBSIDIARIES; AND
- (III) 75,868,800 NEW SHARES AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

(B) OFFER FOR SALE OF 109,616,000 EXISTING SHARES IN THE FOLLOWING MANNER:

- (I) 105,400,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND
- (II) 4,216,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AT AN IPO PRICE OF RM0.80 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Managing Underwriter, Joint Underwriter and Joint Placement Agent

TA SECURITIES
AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
(Registration No. 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter and Joint Placement Agent



AmInvestment Bank

AMINVESTMENT BANK BERHAD
(Registration No. 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX (6) 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 OUR IPO 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 OUR SHARES BEING OFFERED FOR INVESTMENT.

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

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 211.

**THIS PROSPECTUS IS
DATED 2 MAY 2024**

FEYTECH HOLDINGS BERHAD

PROSPECTUS

FEYTECH HOLDINGS BERHAD

Registration No: 202301013791 (1507713-V)
(Incorporated in Malaysia under the Companies Act 2016)

No. 1, Jalan Bayu 2/6,
Kawasan Perindustrian Tampoi Jaya,
81200 Johor Bahru,
Johor Darul Ta'zim

TEL : +607 217 9068
FAX : +607 217 9069
EMAIL : enquiry@feytech.com.my

www.feytech.com.my

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

RESPONSIBILITY STATEMENTS

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

TA Securities, being our Principal Adviser, Managing Underwriter, Joint Underwriter and Joint Placement Agent to our IPO, 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.

It is to be noted that the role of AmInvestment Bank in our IPO is limited to being a Joint Underwriter and Joint Placement Agent for our IPO.

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for our Listing. Our 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 Forms, have also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

You should note that you 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 our IPO, 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.

This Prospectus has been prepared and published solely in connection with our IPO under the laws of Malaysia. 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 of any jurisdiction other than Malaysia.

Our Shares are offered in Malaysia solely based on the contents of this Prospectus. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Managing Underwriter, Joint Underwriters and Joint Placement Agents take no responsibility for the distribution of this Prospectus outside Malaysia. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Managing Underwriter, Joint Underwriters and Joint Placement Agents have not authorised anyone to provide any information or to make any representation not contained in this Prospectus.

Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Managing Underwriter, Joint Underwriters and Joint Placement Agents, any of their respective directors, or any other persons involved in our IPO. This Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or an invitation to subscribe for or purchase the securities offered under our IPO in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or is unlawful or to any person to whom it is unlawful to make sure offer or invitation.

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 or be deemed to accept any liability whether or not any enquiry or investigation is made in connection to it.

It shall be your sole responsibility to ensure your application for our IPO would be in compliance with the terms of our IPO as set out in this Prospectus and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. It shall also be your sole responsibility to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any laws of the countries or jurisdictions other than Malaysia which you may be subject to.

Neither we nor our Promoters, the Selling Shareholders, our Principal Adviser, Managing Underwriter, Joint Underwriters and Joint Placement Agents nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

We will further assume that you have accepted our IPO in Malaysia and will be subject only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any laws or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus are the same as the contents of the copy of this Prospectus registered with the SC.

You are advised that the internet is not a fully secure medium and that your Internet Share Application may be subject to the risk of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of the Electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House, a paper/printed copy of this Prospectus. In the event of any discrepancies arising between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of this Prospectus registered by the SC, shall prevail.

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

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and, accordingly, are not responsible for the availability of, or the contents or any data, information, files 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 and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss, damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided on the Third Party Internet Sites; and
- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

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

- (i) the Internet Participating Financial Institutions are liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software.

The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of the Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter 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 as the internet is not a fully secured medium; and

- (iii) the Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, 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 or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

The indicative timetable for our IPO is set out below:-

Event	Indicative time / date
Issuance of this Prospectus / Opening of Application	10.00 a.m. / 2 May 2024
Closing of Application	5.00 p.m. / 8 May 2024
Balloting of Applications	10 May 2024
Allotment of our Issue Shares/ Transfer of Offer Shares to successful Applicants	17 May 2024
Listing	21 May 2024

If there is any change to the indicative timetable above, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and make the relevant announcement(s) on Bursa Securities' website.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "**Feytech Holdings**" or "**our Company**" in this Prospectus are to Feytech Holdings Berhad. All references to "**Feytech Group**" or "**our Group**" in this Prospectus are to our Company and our Subsidiaries taken as a whole. All references to "**we**", "**us**", "**our**" or "**ourselves**" in this Prospectus are to our Company, our Group or our Subsidiaries, as the context requires. Unless the context otherwise requires, references to "**Management**" are to our Directors and Key Senior Management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to "**you**" are to our prospective investors.

References to any provisions of the statutes, rules, regulations, enactments, guidelines or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments, guidelines 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, guidelines or rules of stock exchange for the time being in force.

References to dates and times in this Prospectus shall be references to dates and times in Malaysia, unless otherwise stated.

Other abbreviations and acronyms used in this Prospectus are defined in the "Definitions" section and technical terms used in this Prospectus are defined in the "Glossary of Technical Terms" section. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, body corporates and corporations.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding the growth and performance of the industry in which we operate and our estimated market share. This data is taken, extracted or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from us. Certain information in this Prospectus is extracted or derived by or from PROVIDENCE or IMR Report for inclusion in this Prospectus.

We have appointed PROVIDENCE as our IMR to provide an independent market and industry review of the industry in which we operate in or is exposed to. In compiling their data for the review, PROVIDENCE relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Therefore, we give no 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.

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 such information for the purposes of your decision whether or not to invest in our Shares.

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments. As a result, any discrepancies in the tables or charts included in this Prospectus between the amounts listed and the totals thereof are due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down. The word "**approximately**" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or 1 decimal place.

If there are any discrepancies or inconsistencies between the contents of the English and Bahasa Malaysia versions of this Prospectus, the English version of this Prospectus shall prevail.

All information stated herein are as at the LPD unless otherwise specified.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements which include all statements other than statements of historical facts contained in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as "may", "will", "would", "could", "believe", "expect", "anticipate", "estimate", "aim", "plan", "forecast", "project", "intend" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other important factors beyond our Group's control that could cause our actual results, performances or achievements, or industry results, to be materially different from any future results, performances or achievements, or industry results, expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our products and general industry environment;
- (ii) our business strategies and competitive position;
- (iii) our future plans and potential growth opportunities;
- (iv) our future financial position, earnings, cash flows and liquidity; and
- (v) our ability to pay future dividends.

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) activities and financial position of our customers, suppliers and other business partners;
- (ii) delay in the supply of raw materials and shortages in labour;
- (iii) fluctuation in foreign exchange rates;
- (iv) outbreak of any major diseases in our manufacturing plants and pandemics of infectious diseases;
- (v) general economic, business, social, political and investment environment in countries where we operate or sell our products to or purchase our raw materials;
- (vi) government policy, legislation or regulation;
- (vii) delays or problems with the execution of our expansion plans;
- (viii) competitive environment of the industry in which we operate; and
- (ix) other factors beyond our control.

Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performances or achievements to differ materially include, but are not limited to, those discussed in **Section 9** of this Prospectus on "Risk factors" and **Section 12.3** of this Prospectus on "Significant factors affecting our financial condition and results of operations". We cannot assure you that the forward-looking statements in this Prospectus will be realised. These forward-looking statements are based on information available to us as at the LPD and are made available 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 a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of the IPO Shares, we shall issue a supplemental or replacement prospectus, as the case may be, in accordance with the 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 shall apply throughout this Prospectus unless the term is defined otherwise or the context requires otherwise:

COMPANIES WITHIN OUR GROUP

- Feytech Group** or the **Group** : Collectively, Feytech Holdings and its Subsidiaries
- Feytech Holdings** or the **Company** : Feytech Holdings Berhad (Registration No. 202301013791 (1507713-V))
- Feytech SB** : Feytech Sdn Bhd (Registration No. 202101012079 (1412378-M)), a wholly-owned subsidiary of Feytech Holdings
- Gosford Malaysia** : Gosford Leather Industries Sdn Bhd (Registration No. 200201018361 (586024-T)), a wholly-owned subsidiary of Feytech Holdings
- Gosford Singapore** : Gosford Leather Trim (S) Pte Ltd (Registration No. 200716872G), a wholly-owned subsidiary of Feytech Holdings incorporated in Singapore under the laws of Singapore
- Subsidiaries** : Collectively, Gosford Malaysia, Feytech SB, Trimex Malaysia, Gosford Singapore and Trimex Australia
- Trimex Australia** : Trimex Automotive (Aus) Pty Ltd (Registration No. ACN131629957), a wholly-owned subsidiary of Feytech Holdings incorporated in Australia under the laws of Australia
- Trimex Malaysia** : Trimex Distribution (M) Sdn Bhd (Registration No. 200901034378 (877487-P)), a wholly-owned subsidiary of Feytech Holdings

GENERAL

- Acquisition of Feytech SB** : Acquisition by Feytech Holdings of all the 300,000 ordinary shares in Feytech SB, representing the entire issued share capital of Feytech SB, from the Feytech SB Vendors, for a total purchase consideration of RM1.00, which was entirely satisfied in cash, and was completed on 11 March 2024
- Acquisition of Gosford Malaysia** : Acquisition by Feytech Holdings of all the 600,100 ordinary shares in Gosford Malaysia, representing the entire issued share capital of Gosford Malaysia, from the Gosford Malaysia Vendors, for a total purchase consideration of RM77,549,399.00, which was entirely satisfied by the issuance of 77,549,399 new Shares at an issue price of RM1.00 per Share to the Gosford Malaysia Vendors, and was completed on 11 March 2024
- Acquisition of Gosford Singapore** : Acquisition by Feytech Holdings of all the 250,000 ordinary shares in Gosford Singapore, representing the entire issued share capital of Gosford Singapore, from the Gosford Singapore Vendors, for a total purchase consideration of RM1,165,500.00, which was entirely satisfied by the issuance of 1,165,500 new Shares at an issue price of RM1.00 per Share to the Gosford Singapore Vendors, and was completed on 11 March 2024
- Acquisition of Trimex Australia** : Acquisition by Feytech Holdings of all the 100 ordinary shares in Trimex Australia, representing the entire issued share capital of Trimex Australia, from Tan Sun Sun, for a total purchase consideration of RM478,600.00, which was entirely satisfied by the issuance of 478,600 new Shares at an issue price of RM1.00 per Share to Tan Sun Sun, and was completed on 11 March 2024

DEFINITIONS (CONT'D)

Acquisition of Trimex Malaysia	: Acquisition by Feytech Holdings of all the 80,000 ordinary shares in Trimex Malaysia, representing the entire issued share capital of Trimex Malaysia, from the Trimex Malaysia Vendors, for a total purchase consideration of RM8,290,900.00, which was entirely satisfied by the issuance of 8,290,900 new Shares at an issue price of RM1.00 per Share to the Trimex Malaysia Vendors and Connie Go (the nominated recipient by the Trimex Malaysia Vendors to receive part of the new Shares issued as consideration for the acquisition of Trimex Malaysia by Feytech Holdings), and was completed on 11 March 2024
Acquisitions	: Collectively, the Acquisition of Gosford Malaysia, Acquisition of Trimex Malaysia, Acquisition of Feytech SB, Acquisition of Gosford Singapore and Acquisition of Trimex Australia
Act	: Companies Act 2016
ADA(s)	: Authorised depository agent(s)
Adient companies	: Collectively, Adient Automotive Seating (M) Sdn Bhd (Registration No. 198301010960 (106278-V)) and Adient Automotive Components (M) Sdn Bhd (Registration No. 198301005499 (99903-A))
AGM	: Annual general meeting
AmInvestment Bank	: AmInvestment Bank Berhad (Registration No. 197501002220 (23742-V))
APM companies	: Collectively, Auto Parts Manufacturers Co. Sdn Bhd (Registration No. 197101001197 (11558-D)), APM Delta Seating Systems Sdn Bhd (Registration No. 201701000364 (1214514-M)) and APM Plastics Sdn Bhd (Registration No. 199001016855 (208524-P))
Applicants	: Applicants for the subscription of our IPO Shares by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application
Application(s)	: Application(s) for our Issue Shares by way of Application Form, Electronic Share Application and/or the Internet Share Application
Application Form(s)	: Printed application form(s) for the application of our Issue Shares accompanying this Prospectus
ATM	: Automated teller machine
Authorised Financial Institution	: Authorised financial institution participating in the Internet Share Application, in respect of payments for our Issue Shares
BNM	: Bank Negara Malaysia
Board	: Board of Directors of our Company
Bomba	: Malaysian Fire and Rescue Department
Bumiputera	: In the context of: <ul style="list-style-type: none"> (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:

DEFINITIONS (CONT'D)

	(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
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	:	Compounded annual growth rate
CCC or CF	:	Certificate of completion and compliance or certificate of fitness for occupation or such certificate by any other name issued by the relevant authority or person 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
CDS Account(s)	:	Account(s) established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and dealings in such securities by the Depositor
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	The constitution of our Company
COVID-19	:	Novel coronavirus disease 2019, an infectious respiratory disease
Daewon	:	Daewon San Up Co., Ltd., a company incorporated in South Korea
Daewon Agreement	:	Seat Assembly Technical Assistance Agreement dated 30 August 2021 between Daewon and Feytech SB
Delloyd companies	:	Collectively, Delloyd Industries (M) Sdn Bhd (Registration No. 198901007843 (185145-D)) and Delloyd Seatings (M) Sdn Bhd (Registration No. 200601016607 (736359-W))
Depositor	:	A holder of a CDS Account
Director(s)	:	Director(s) (executive and non-executive) of our Company and within the meaning given in Section 2 of the CMSA
DOSH	:	Department of Occupational Safety and Health Malaysia
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EIS	:	Employment insurance system

DEFINITIONS (CONT'D)

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, compact disc read-only memory (CD-ROM)
Electronic Share Application	: Application for our Issue Shares through a Participating Financial Institution's ATM
Eleven Docks	: Eleven Docks Sdn Bhd (Registration No. 201101021649 (949787-P))
Eligible Person(s)	: Collectively, our Directors, employees of our Group and persons who have contributed to the success of our Group, who are eligible to participate in the Pink Form Allocation as further detailed in Section 4.2.1(ii) of this Prospectus
EPF	: Employees' Provident Fund Board
EPS	: Earnings per Share
Equity Guidelines	: Equity Guidelines issued by the SC
ESG	: Environmental, social and governance
Feytech SB Vendors	: Collectively, Tan Sun Sun and Careen Tan Kai Lin
FYE(s)	: Financial year(s) ended/ending 31 December, as the case may be
FY Under Review	: Collectively, the past 4 FYEs 2020, 2021, 2022 and 2023
GLSB	: Gosford Leather Sdn Bhd (Registration No. 201001014364 (898598-H)), which was dissolved on 4 September 2023
Go Auto	: Go Auto Industries Sdn Bhd (Registration No. 201901032896 (1342226-K))
Go Capital	: Go Capital Growth Sdn Bhd (formerly known as ACE Capital Growth Sdn Bhd) (Registration No. 200901037559 (880690-K))
Go Innovate	: Go Innovate Asia Berhad (formerly known as ACE Innovate Asia Berhad) (Registration No. 201901007350 (1316677-U)), a company listed on the Leading Entrepreneur Accelerator Platform Market (LEAP Market) of Bursa Securities
Gosford Malaysia Vendors or Gosford Singapore Vendors	: Collectively, Tan Sun Sun, Go Yoong Chang and Connie Go
Government	: Government of Malaysia
GP	: Gross profit
IFRS	: International Financial Reporting Standards as issued by the International Accounting Standards Board
IMR or PROVIDENCE	: Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A)), being the independent market researcher appointed by our Company
IMR Report	: The Independent Market Research Report dated 3 April 2024 on the automotive seat and cover industries in Malaysia and the automotive market, prepared by PROVIDENCE and as set out in Section 8 of this Prospectus

DEFINITIONS (CONT'D)

Internet Participating Financial Institution(s)	: Participating financial institution(s) for the Internet Share Application as listed in Section 15 of this Prospectus
Internet Share Application	: Application for our Issue Shares through an online share application service provided by the Internet Participating Financial Institution
IPO	: Initial public offering of our IPO Shares, comprising our Public Issue and Offer for Sale
IPO Price	: RM0.80 per IPO Share, being the price payable by investors under the Public Issue and Offer for Sale
IPO Share(s)	: Collectively, the Issue Share(s) and the Offer Share(s)
Issue Share(s)	: New Share(s) to be issued by our Company under the Public Issue
Issuing House or Share Registrar	: Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
Joint Placement Agents	: Collectively, TA Securities and AmInvestment Bank
Joint Underwriters	: Collectively, TA Securities and AmInvestment Bank
Key Senior Management	: The key senior management of our Group as set out in Section 5.4 of this Prospectus
KIA Malaysia	: KIA Malaysia Sdn Bhd (Registration No. 202101013607 (1413906-T))
Kulim Plant 2	: Feytech SB's proposed new manufacturing plant, warehouse, annex office building and staff hostel to be built on a part of the vacant industrial land held under title no. HSD 83979, PT 1104, Pekan Sungai Karangan, Daerah Kulim, Negeri Kedah bearing postal address of No. 5, Lebuhr Globalview 2, Globalview Industrial Park @ KIC, 09400 Padang Meha, Daerah Kulim, Kedah
Kulim Plant 3	: Feytech SB's manufacturing plant, warehouse and annex office building built on a part of the industrial land held under title no. HSD 83978, PT 1103, Pekan Sungai Karangan, Daerah Kulim, Negeri Kedah bearing postal address of No. 6, Lebuhr Globalview 2, Globalview Industrial Park @ KIC, 09400 Padang Meha, Daerah Kulim, Kedah
Lease Agreement	: Lease agreement dated 6 September 2023 between Eleven Docks (as lessor) and Gosford Malaysia (as lessee) in relation to the leasing of a part of the industrial land held under Geran Hakmilik 488497 Lot 2052, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor and bearing postal address No. 1, Jalan Bayu 2/6, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor (measuring approximately 99,750.56 sq ft in land area where the Tampoi Plant is currently located) for a period of 30 years from 1 October 2023 to 30 September 2053 at a rental rate of RM29,900.00 per month or subject to the lessor's option to revise the rental rate in every term of 3 years
Listing	: Admission of our Company to the Official List and the 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

DEFINITIONS (CONT'D)

Local OEM	: A local automotive vehicle OEM based in Malaysia that manufactures, assembles and sells its own brand of automotive vehicles and related products
LPD	: 3 April 2024, being the latest practicable date prior to the registration of this Prospectus with the SC
Main Market	: Main Market of Bursa Securities
Malaysian Public	: Citizens of Malaysia and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	: A day on which Bursa Securities is open for trading in securities
Masai Plant	: The old manufacturing facility of Gosford Malaysia which is located at Jalan Masai Lama, Masai, Johor
Mazda Malaysia	: Mazda Malaysia Sdn Bhd (Registration No. 201201031832 (1016319-P))
MCCG	: Malaysian Code on Corporate Governance
MCO	: The nationwide movement control order imposed by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of the COVID-19
MFRS	: Malaysian Financial Reporting Standards
MIA	: Malaysian Institute of Accountants
MIDA	: Malaysian Investment Development Authority
MITI	: Ministry of Investment, Trade and Industry
MyIPO	: Intellectual Property Corporation of Malaysia
NA	: Net assets attributable to owners of our Company
NBV	: Net book value
Offer for Sale	: Offer for sale of 109,616,000 Offer Shares by the Selling Shareholders at the IPO Price in the following manner: <ul style="list-style-type: none"> (i) 105,400,000 Offer Shares available by way of private placement to Bumiputera investors approved by the MITI; and (ii) 4,216,000 Offer Shares available by way of private placement to Selected Investors
Offer Share(s)	: Existing Share(s) to be offered by the Selling Shareholders pursuant to the Offer for Sale
Official List	: A list specifying all securities listed on Bursa Securities
Participating Financial Institution(s)	: Participating financial institution(s) for the Electronic Share Application, as listed in Section 15 of this Prospectus
PAT	: Profit after tax attributable to owners of our Company

DEFINITIONS (CONT'D)

PBT	: Profit before tax
Peerless Steel	: Peerless Steel Sdn Bhd (Registration No. 201601029445 (1200386-H))
PE Multiple	: Price-to-earnings multiple
Pink Application Form(s)	: Application form(s) for the application of our Issue Shares under the Public Issue by the Eligible Persons accompanying this Prospectus
Pink Form Allocation	: The allocation of 25,296,000 Issue Shares to the Eligible Persons pursuant to the Public Issue
PKT companies	: Collectively, PKT Consolidation Services (M) Sdn Bhd (Registration No. 199601033888 (406240-K)), PKT Consolidation Services Pte Ltd (Registration No. 202003121H, a company incorporated in Singapore), PKT Logistics (M) Sdn Bhd (Registration No. 199601030353 (402705-W)) and PKT Consolidation Services (Thailand) Co., Ltd. (Registration No. 0105565187876, a company incorporated in Thailand)
PPE	: Property, plant and equipment
Pre-IPO Restructuring Exercise	: Pre-IPO restructuring exercise involving the Acquisitions and the Share Split
Promoters	: Collectively, Connie Go, Go Yoong Chang and Tan Sun Sun
Prospectus	: This Prospectus dated 2 May 2024 issued by our Company in relation to our IPO
Prospectus Guidelines	: Prospectus Guidelines issued by the SC
Public Issue	: Public issue of 143,324,800 Issue Shares at the IPO Price in the following manner: <ul style="list-style-type: none"> (i) 42,160,000 new Shares available for application by the Malaysian Public; (ii) 25,296,000 new Shares available for application by the Eligible Persons; and (iii) 75,868,800 new Shares available by way of private placement to Selected Investors
QA/QC	: Quality assurance and/or quality control
Record of Depositors	: A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
ROU	: Right-of-use
Rules of Bursa Depository	: Rules of Bursa Depository as issued pursuant to the SICDA
SAC	: Shariah Advisory Council of the SC
SC	: Securities Commission Malaysia
Selected Investors	: Being the investors, including institutional investors (if any), that are selected to subscribe for our IPO Shares through private placement

DEFINITIONS (CONT'D)

Selling Shareholders	: Collectively, Tan Sun Sun and Go Yoong Chang
Shares	: Ordinary shares in Feytech Holdings
Share Split	: Subdivision of every 1 existing Share into 8 Shares
SICDA	: Securities Industry (Central Depositories) Act 1991
SOCOSO	: Social Security Organisation
TA Securities or the Principal Adviser or the Managing Underwriter	: TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M))
Tampoi Hostel	: 4 units of double storey terrace factory bearing postal address of No. 17 and 19, Jalan Bayu 2/3 and No. 6 and 8, Jalan Bayu 2/4, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor rented by Gosford Malaysia from Eleven Docks as staff hostel
Tanjong Malim Plant	: Feytech SB's proposed new manufacturing plant, warehouse and annex office building to be built on a piece of vacant industrial land known as Plot 1 measuring approximately 9.76 acres or 425,145.60 sq ft in area forming part of the master land held under Hakmilik Sementara Daftar 5 (Hakmilik Pejabat Pendaftar) (formerly under H.S.(D) 20427), PT 16880, Mukim Hulu Bernam Timor, Daerah Muallim, Negeri Perak
Toyo	: Toyo Seat Co., Ltd., a company incorporated in Japan
Toyo Agreement	: Technical Assistance Agreement dated 5 September 2022 between Toyo and Feytech SB
Trimex Malaysia Vendors	: Collectively, Tan Sun Sun and Go Yoong Chang
Underwriting Agreement	: The underwriting agreement dated 18 April 2024 entered into between our Company, the Managing Underwriter and the Joint Underwriters for the underwriting of up to 67,456,000 Issue Shares under the Public Issue
United States	: The United States of America
White Application Form(s)	: Application form(s) for the application of our Issue Shares by the Malaysian Public accompanying this Prospectus

OUR OPERATING LOCATIONS

Kulim Plant 1	: Feytech SB's manufacturing plant bearing postal address of Block B, Lot 4332, PT 300, Padang Meha Industrial Estate, 09400 Padang Serai, Kedah
PJ Hub	: Trimex Malaysia's and Gosford Malaysia's sales and installation hub bearing postal address of Lot 8246, Jalan 225, 46100 Petaling Jaya, Selangor
Singapore Hub	: Gosford Singapore's sales and installation hub bearing postal address of No. 1, Kaki Bukit Rd 1, #03-38 Enterprise One, Singapore 415934

DEFINITIONS (CONT'D)

Tampoi Plant : Our Group's headquarters and Gosford Malaysia's manufacturing plant bearing postal address of No. 1, Jalan Bayu 2/6, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor

CURRENCY AND UNITS

AUD : Australian Dollar, the lawful currency of Australia

EUR : Euro, the lawful currency of the European Union

INR : Indian Rupee, the lawful currency of India

JPY : Japanese Yen, the lawful currency of Japan

KRW : South Korean won, the lawful currency of South Korea

NZD : New Zealand Dollar, the lawful currency of New Zealand

RM and sen : Ringgit Malaysia and sen, respectively, the lawful currency of Malaysia

RMB : Renminbi, the lawful currency of the People's Republic of China

SGD : Singapore Dollar, the lawful currency of Singapore

sq ft : Square feet

sq m : Square metres

USD : United States Dollar, the lawful currency of the United States

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GLOSSARY OF TECHNICAL TERMS

The following commonly used terms in our Group's business and operations shall apply throughout this Prospectus unless the term is defined otherwise or the context otherwise requires:-

2D	: 2-dimension
3D	: 3-dimension
Automotive cover installers	: Companies that specialise in installing and/or repairing covers in automotive vehicles
Automotive cover material	: Materials used to manufacture automotive covers. These materials include leather, synthetic leather and fabric
Automotive covers	: Covers installed on automotive seats and interior parts
Automotive dealers	: Companies that retail their vehicles and/or accessories in a particular country or territory
Automotive distributors	: Companies that purchase vehicles and/or accessories directly from automotive vehicle OEMs or importers to distribute vehicles and/or accessories to automotive dealers
Automotive seat parts	: Parts and components used in the automotive seat manufacturing process such as frames, seat belt buckles, polyurethane paddings and plastic parts
Automotive seats	: Seats specially designed and built for automotive vehicles
Automotive vehicle OEM	: Companies that design and manufacture their own brand of automotive vehicles
Automotive vehicles	: Any motorised and wheeled vehicle such as cars, trucks and vans
Car	: A four-wheeled vehicle powered by an engine that carries a small number of people
Car accessory retailers	: Companies that sell automotive accessories which can enhance the appearance, functionality and comfort of a vehicle. These companies typically have a retail front to facilitate the sale of these car accessories
Car owners	: Individuals or corporations that own cars, being the end-users
Importers	: Companies that import automotive vehicles from automotive vehicle OEMs in order to sell the automotive vehicles in other countries
Interior parts	: Components found in the interior of an automotive vehicle such as door ornaments, steering wheels, gear knobs, handbrake handles and consoles
OEM	: Original equipment manufacturer
PDI	: Pre-delivery inspection

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Principal automotive seat manufacturer	: The Tier 1 automotive seat manufacturer appointed by the automotive vehicle OEM to manufacture automotive seats in the origin country of the automotive vehicle OEM, who is typically tasked to provide the technical specifications and requirements for the automotive seats to other Tier 1 automotive seat manufacturers appointed in other countries
PVC	: Polyvinyl chloride
REM	: Replacement equipment manufacturer
Tier 1 automotive seat and/or interior part manufacturers	: Companies who manufacture and directly supply fully assembled automotive seats and/or interior parts to automotive vehicle OEMs. These companies appointed by automotive vehicle OEMs can be in any country
Used car dealers	: Companies that trade and sell pre-owned or second-hand cars

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name / (Designation)	Gender	Address	Nationality
Dato' Mazlan bin Mohamad <i>(Independent Non-Executive Chairman)</i>	Male	B3A-C07, Armanee Terrace II, No. 8, Jalan PJU 8/1, Damansara Perdana, 47820 Petaling Jaya, Selangor, Malaysia	Malaysian
Connie Go <i>(Non-Independent Executive Director / Chief Executive Officer)</i>	Female	Block E-15-05, Sky Condominium, Persiaran Puchong Jaya Selatan, Bandar Puchong Jaya, 47170 Puchong, Selangor, Malaysia	Malaysian
Go Yoong Chang <i>(Non-Independent Executive Director)</i>	Male	Block E-15-08, Sky Condominium, Persiaran Puchong Jaya Selatan, Bandar Puchong Jaya, 47170 Puchong, Selangor, Malaysia	Malaysian
Tan Sun Sun <i>(Non-Independent Executive Director)</i>	Female	No. 30, Armada Villa, Jalan 109F, Taman Danau Desa, 58100 Kuala Lumpur, Wilayah Persekutuan, Malaysia	Malaysian
Leou Thiam Lai <i>(Independent Non-Executive Director)</i>	Male	No. 2, Jalan SS23/4C, Taman Sea, 47400 Petaling Jaya, Selangor, Malaysia	Malaysian
Dato' Tan Yee Boon <i>(Independent Non-Executive Director)</i>	Male	No. 18, Jalan Mutiara Seputeh 2, Mutiara Seputeh, Taman Seputeh, 58000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia	Malaysian
Lee Wan Ning <i>(Independent Non-Executive Director)</i>	Female	No. 62, Jalan TR 8/3, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor, Malaysia	Malaysian

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1. CORPORATE DIRECTORY (CONT'D)

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Leou Thiam Lai	Chairperson	Independent Non-Executive Director
Dato' Tan Yee Boon	Member	Independent Non-Executive Director
Lee Wan Ning	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Tan Yee Boon	Chairperson	Independent Non-Executive Director
Leou Thiam Lai	Member	Independent Non-Executive Director
Lee Wan Ning	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Lee Wan Ning	Chairperson	Independent Non-Executive Director
Dato' Tan Yee Boon	Member	Independent Non-Executive Director
Leou Thiam Lai	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARIES** : **Wong Siew Yeen** (MAICSA 7018749)
SSM Practicing Certificate No.: 202008001471
Company Secretary
Associate of the Malaysian Institute of Chartered Secretaries and Administrators
- Tee Thiam Chai** (MAICSA 7066679)
SSM Practicing Certificate No.: 202008002297
Company Secretary
Associate of the Malaysian Institute of Chartered Secretaries and Administrators
- Tricor Corporate Services Sdn Bhd**
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
- Telephone No. : +(603) 2783 9191
- REGISTERED OFFICE** : Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
- Telephone No. : +(603) 2783 9191
Facsimile No. : +(603) 2783 9111
- HEAD OFFICE** : No. 1, Jalan Bayu 2/6
Kawasan Perindustrian Tampoi Jaya
81200 Johor Bahru
Johor Darul Ta'zim, Malaysia
- Telephone No. : +(607) 217 9068
Facsimile No. : +(607) 217 9069
Email : enquiry@feytech.com.my
Website : <https://www.feytech.com.my>
- SELLING SHAREHOLDERS** : **Tan Sun Sun**
No. 30, Armada Villa, Jalan 109F
Taman Danau Desa
58100 Kuala Lumpur
Wilayah Persekutuan, Malaysia
- Go Yoong Chang**
Block E-15-08, Sky Condominium
Persiaran Puchong Jaya Selatan
Bandar Puchong Jaya
47170 Puchong
Selangor, Malaysia

1. CORPORATE DIRECTORY (CONT'D)

**PRINCIPAL ADVISER AND
MANAGING UNDERWRITER** : **TA Securities Holdings Berhad**
32nd Floor, Menara TA One
22 Jalan P. Ramlee
50250 Kuala Lumpur
Wilayah Persekutuan, Malaysia

Telephone No. : +(603) 2072 1277

**JOINT UNDERWRITERS
AND JOINT PLACEMENT
AGENTS** : **TA Securities Holdings Berhad**
32nd Floor, Menara TA One
22 Jalan P. Ramlee
50250 Kuala Lumpur
Wilayah Persekutuan, Malaysia

Telephone No. : +(603) 2072 1277

AmInvestment Bank Berhad
8th Floor, Bangunan Ambank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

Telephone No. : +(603) 2036 2633

**AUDITORS AND REPORTING
ACCOUNTANTS** : **Baker Tilly Monteiro Heng PLT**
LLP0019411-LCA
Firm No. AF 0117
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

Telephone No. : +(603) 2297 1000
Partner-in-charge : Paul Tan Hong
Approval No. : 03459/11/2025 J
Professional : Chartered Accountant of the MIA (MIA
Qualification : membership no.: 40209) and Fellow
Member of the Association of Chartered
Certified Accountants

DUE DILIGENCE : Olivia Lim & Co
SOLICITORS FOR OUR IPO 41-3 Plaza Damansara
Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Wilayah Persekutuan, Malaysia

Telephone No. : +(603) 2011 1386 / 6386

1. CORPORATE DIRECTORY (CONT'D)

INDEPENDENT MARKET : Providence Strategic Partners Sdn Bhd

RESEARCHER
67-1, Block D, The Suites, Jaya One
72A, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya
Selangor, Malaysia

Telephone No. : +(603) 7625 1769
Person-in-charge : Melissa Lim Li Hua
Qualification : Bachelor of Commerce (Double major in
Marketing and Management) from
Murdoch University, Australia

Please refer to **Section 8** of this Prospectus for the profile of the firm and person-in-charge.

ISSUING HOUSE AND : Tricor Investor & Issuing House Services Sdn Bhd

SHARE REGISTRAR
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

Telephone No. : +(603) 2783 9299

LISTING SOUGHT : Main Market

SHARIAH STATUS : Approved by the SAC

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 SC

- (i) The SC had, vide its letter dated 2 February 2024, 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 Bumiputera equity requirement for public listed companies, subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	TA Securities and our Company 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 had also noted the effects of our Listing on the equity structure of our Company are as follows:

Category of shareholders	As at 1 September 2023		After the Pre-IPO Restructuring Exercises		After our Listing	
	No. of Shares	% of our issued Shares	No. of Shares	% of our issued Shares	No. of Shares	% of our enlarged issued Shares
Bumiputera						
- Bumiputera investors to be approved by MITI	-	-	-	-	105,400,000 ⁽¹⁾	12.5
- Bumiputera public investors via balloting	-	-	-	-	21,080,000 ⁽¹⁾	2.5
Total Bumiputera	-	-	-	-	126,480,000	15.0
Non-Bumiputera	1	100.0	699,875,200	100.0	716,720,000	85.0
Total Malaysians	1	100.0	699,875,200	100.0	843,200,000	100.0
Foreigners	-	-	-	-	-	-
Total	1	100.0	699,875,200	100.0	843,200,000	100.0

Note:

- (1) Assuming all the Shares allocated to Bumiputera investors to be approved by MITI and the Bumiputera public investors via balloting are fully subscribed.

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2. APPROVALS AND CONDITIONS (CONT'D)

- (ii) The SC had, vide its letter dated 21 September 2023, approved the relief application submitted by TA Securities on behalf of our Company from having to comply with certain requirements of the Prospectus Guidelines. Details of the reliefs sought and the conditions imposed by the SC are as follows:

No.	Reference to the Prospectus Guidelines	Details of relief sought	Conditions imposed
1.	Paragraph 5.02(h), Division 1 of Part II	Relief from having to disclose the following in the Prospectus, with regards to the agreement of supply chain terms with the Local OEM and the various letters of acceptance issued by the Local OEM: (i) Reference to the name of the Local OEM; (ii) Reference to the supply chain terms with the Local OEM; (iii) Reference to the letters of acceptance issued by the Local OEM; (iv) The rate of the liquidated ascertained damages; and (v) The rate and period of the warranty provided.	-
2.	Paragraph 5.02(h), Division 1 of Part II	Relief from having to disclose the details of the following agreements in the Prospectus: (a) Daewon Agreement: (i) the amount of the one-off technical fee paid; and (ii) the amount of the royalty fees to be paid per vehicle. (b) Toyo Agreement: (i) the amount of the lump-sum royalty fees paid; (ii) the amount of the running royalty fees to be paid per vehicle; and (iii) the amount of guaranteed minimum annual royalty fee to be paid.	-

2.1.2 Bursa Securities

Bursa Securities had, vide its letter dated 26 February 2024, approved our admission to the Official List and the listing of and quotation for our entire enlarged issued Shares on the Main Market of Bursa Securities.

The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements; and	To be complied.
2.	On the first day of Listing, to furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the public shareholdings spread requirements based on our entire issued share capital.	To be complied.

2. APPROVALS AND CONDITIONS (CONT'D)

2.1.3 MITI

The MITI had, vide its letter dated 20 November 2023, taken note of and has no objection to our Listing.

2.1.4 SAC

The SAC had, vide its letter dated 16 April 2024, classified our Shares as Shariah-compliant securities based on our audited combined financial statements for the FYE 2023 and our Company's Pro Forma Combined Statement of Financial Position as at 31 December 2023.

2.2 MORATORIUM ON OUR SHARES

In accordance with the Equity Guidelines, our shareholders whose securities are subject to moratorium are not allowed to, and have undertaken not to, sell, transfer or assign any of their aggregate shareholdings of 590,559,200 Shares, which represents approximately 70.0% of our enlarged issued Shares as at the date of our Listing, for a period of 6 months from the date of our Listing.

The details of our Shares which will be held under moratorium are set out below:

Name	As at the date of our Listing	
	No. of Shares to be held under moratorium	% ⁽¹⁾
Tan Sun Sun	295,129,600	35.0
Go Yoong Chang	225,142,000	26.7
Connie Go	70,287,600	8.3
Total	590,559,200	70.0

Note:

(1) Based on our enlarged number of 843,200,000 Shares after our IPO.

Tan Sun Sun, Go Yoong Chang and Connie Go have fully accepted the moratorium and provided written undertakings that they will not sell, transfer or assign their respective Shares held under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares held by Tan Sun Sun, Go Yoong Chang and Connie Go under moratorium to ensure that our Share Registrar will not register any sale, transfer or assignment that contravenes the aforesaid restrictions. In compliance with the restrictions, the Share Registrar will issue share certificates representing the moratorium block of shares with the moratorium clause endorsed on them together with a letter providing details of the moratorium to Bursa Depository.

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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

Our IPO entails an offering of 252,940,800 IPO Shares at an IPO Price of RM0.80 each.

Our IPO Shares will be allocated in the following manner:

	Public Issue		Offer for Sale		Total	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Malaysian Public (via balloting)	42,160,000 ⁽²⁾	5.0	-	-	42,160,000 ⁽²⁾	5.0
Eligible Persons	25,296,000	3.0	-	-	25,296,000	3.0
Selected Investors	75,868,800	9.0	4,216,000	0.5	80,084,800	9.5
Bumiputera investors approved by the MITI	-	-	105,400,000	12.5	105,400,000	12.5
Total	143,324,800	17.0	109,616,000	13.0	252,940,800	30.0

Enlarged share capital upon Listing	RM202,144,240 comprising 843,200,000 Shares
IPO Price per IPO Share	RM0.80
Market capitalisation upon Listing ⁽³⁾	RM674,560,000

Notes:

- (1) Based on our enlarged number of 843,200,000 Shares upon Listing.
- (2) Including 21,080,000 Shares, representing 2.5% of the enlarged number of our Shares, made available to Bumiputera Malaysian Public.
- (3) Based on the IPO Price and our enlarged number of 843,200,000 Shares upon Listing.

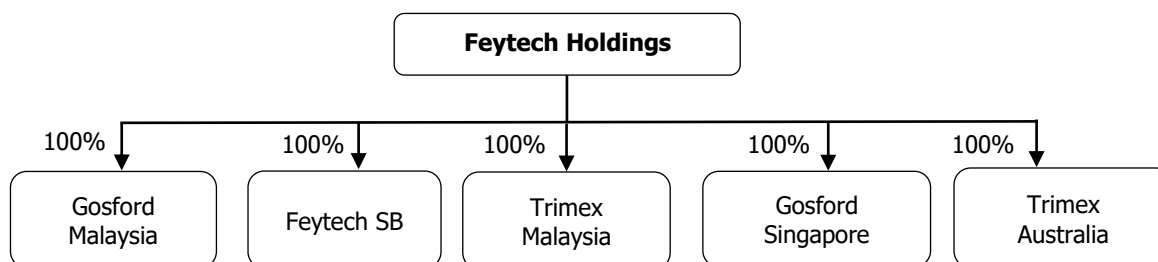
Further details on our IPO are set out in **Section 4** of this Prospectus.

The entire shareholdings of Tan Sun Sun, Go Yoong Chang and Connie Go will be held under moratorium for a period of 6 months from the date of our Listing. Please refer to **Section 2.2** of this Prospectus for further details on the moratorium on our Shares.

3.2 BACKGROUND AND OVERVIEW

Our Company was incorporated in Malaysia under the Act on 11 April 2023 as a private limited company under the name of Feytech Holdings Sdn Bhd. On 24 August 2023, our Company was converted into a public company and assumed our present name. Our Company became the investment holding company of Gosford Malaysia, Feytech SB, Trimex Malaysia, Gosford Singapore and Trimex Australia following the completion of the Acquisitions on 11 March 2024.

Through our Subsidiaries, we are principally an automotive cover manufacturer and automotive seat manufacturer based in Malaysia. Our Group structure is as follows:



Further details on our Subsidiaries are set out in **Section 6.5** of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.3 PRINCIPAL ACTIVITIES AND PRODUCTS

Our Group’s business model can be illustrated as follows:

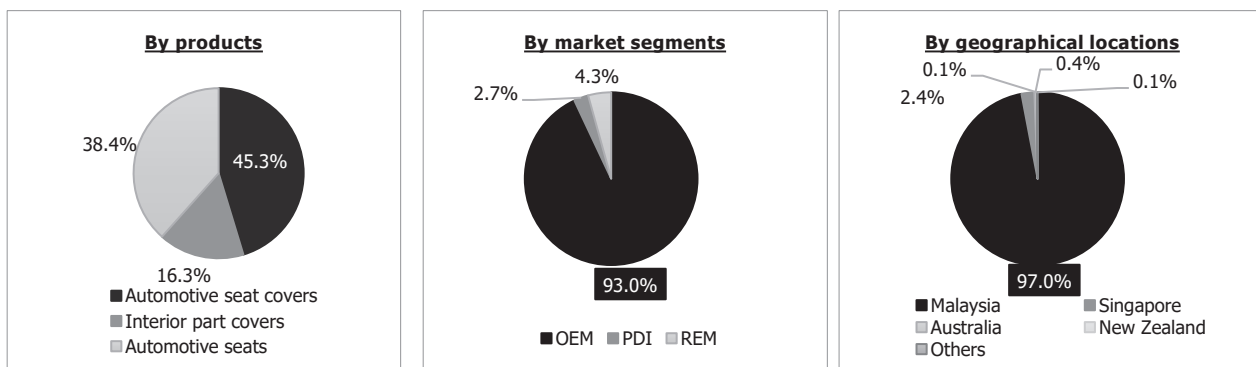
Principal activities	Manufacturing of automotive covers			Manufacturing of automotive seats
Products	<ul style="list-style-type: none"> Automotive seat covers Interior part covers 			Fully-assembled automotive seats
Supplier types	<ul style="list-style-type: none"> Automotive cover material suppliers Interior part suppliers Suppliers of parts, accessories and other supplies (e.g. zippers, plastic strips and hooks) 			<ul style="list-style-type: none"> Automotive cover manufacturers Suppliers of automotive seat supplies (e.g. padding, seatbelts, buckles, electrical parts, frames, side airbags)
Market segments	OEM	PDI	REM	OEM
Customer segments	<ul style="list-style-type: none"> Automotive vehicle OEMs Tier 1 automotive seat and/or interior part manufacturers 	<ul style="list-style-type: none"> Automotive distributors Car accessory retailers 	<ul style="list-style-type: none"> Car owners Used car dealers Importers Automotive dealers Car accessory retailers Automotive cover installers 	Automotive vehicle OEMs
Geographical markets	Malaysia		<ul style="list-style-type: none"> Malaysia Singapore Australia New Zealand Others ⁽¹⁾ 	Malaysia

Note:

(1) Others include the United States and Netherlands.

Further details on our Group’s principal activities and products are set out in **Section 7.2** of this Prospectus.

The revenue contribution from each of our products and market segments for the FYE 2023 is as follows:



3. PROSPECTUS SUMMARY (CONT'D)

3.4 COMPETITIVE POSITION**(a) We have an established track record and market reputation as an automotive cover manufacturer in Malaysia**

We possess 21 years of experience in the manufacturing of automotive covers since we commenced our business operations in 2002. We commenced our business serving the REM market segment and over the years, we have grown our market segments to include the OEM market segment since 2012 and PDI market segment since 2015. As at the LPD, our clientele from the OEM market segment includes established automotive vehicle OEMs such as the Local OEM, Mazda Malaysia and Kia Malaysia. Our track record over the years have enabled us to build our reputation in the automotive industry. We are the third largest automotive cover manufacturer in Malaysia in 2021, 2022 and 2023, based on our Group's revenues from our automotive cover division. We garnered a market share of 23.1%, 25.6% and 25.9% in 2021, 2022 and 2023, respectively (Source: IMR Report). Our track record and market reputation will serve as a foundation for us to secure new customers as well as new orders from existing customers in the future.

(b) We have demonstrated our ability to comply with the design and manufacturing requirements set by local and international automotive vehicle OEMs

We manufacture automotive covers and automotive seats for the OEM market segment. A large proportion of our sales from our automotive cover division was generated from the OEM market segment (i.e. between 84.6% and 88.6% of our Group's revenue for the automotive cover division during the FY Under Review). Meanwhile, all of our sales from our automotive seat division are derived from the OEM market segment.

Local and international automotive vehicle OEMs typically require automotive cover and automotive seat manufacturers to adhere to their design and manufacturing requirements. In addition, our manufacturing process for leather automotive covers also complies with the IATF 16949, which is an internationally recognised quality management system. Further, our Kulim Plant 1 is located in close proximity to one of our automotive vehicle OEM customers. This enables us to quickly and efficiently deliver the assembled automotive seats to the automotive vehicle OEM plants. As a testament to our ability to comply with the design and manufacturing requirements set by local and international automotive vehicle OEMs, we have managed to retain many automotive vehicle OEMs and Tier 1 automotive seat and/or interior part manufacturers as customers over the years. On average, our length of business relationship with our top 5 major customers, which comprised both local and international automotive vehicle OEMs and Tier 1 automotive seat and/or interior part manufacturers, were approximately 7 years as at FYE 2023.

(c) We can manufacture both automotive seats and automotive covers, and serve various market segments

We have expanded downstream in the industry value chain to venture into the manufacturing of automotive seats since 2021, which will allow us to provide a complementary range of services to manufacture both automotive seats and automotive covers to automotive vehicle OEMs. We also offer automotive covers to various market segments, i.e. the OEM, PDI and REM market segments, which allows us to expand our customer base to not only target automotive vehicle OEMs and Tier 1 automotive seat and/or interior part manufacturers, but also automotive dealers, automotive distributors, used car dealers, car owners, car accessory retailers, importers and automotive cover installers.

(d) Our Tampoi Plant is equipped to manufacture quality automotive covers efficiently

We utilise automated cutting machineries and automated nesting software in our automotive cover manufacturing processes to optimise material usage and reduce wastages of materials for our automotive cover division.

3. PROSPECTUS SUMMARY (CONT'D)

(e) We have an experienced and dedicated Key Senior Management team

We have an experienced and dedicated Key Senior Management team, led by our Chief Executive Officer, Connie Go, who has 17 years' experience in the automotive industry. Collectively, our Key Senior Management has an average of approximately 16 years of relevant experience in their respective fields. Their experience and leadership capabilities are expected to continue contributing positively to our future growth and prospects.

Further details on our competitive position are set out in **Section 7.4** of this Prospectus.

3.5 BRIEF INFORMATION ON THE RELOCATION FROM KULIM PLANT 1 TO KULIM PLANT 3

On 8 December 2023, Feytech SB had received a letter from the landlord of Kulim Plant 1 whereby the Landlord has decided to discontinue with the tenancy agreement dated 20 April 2021 for the rental of Kulim Plant 1 which shall expire on 30 April 2024. The Landlord and Feytech SB had vide a letter dated 22 December 2023 agreed to extend the tenancy of Kulim Plant 1 from 1 May 2024 to 30 June 2024 to facilitate the relocation of Feytech SB's manufacturing plant to Kulim Plant 3. We have identified Kulim Plant 3 with a larger built-up area of approximately 125,895 sq ft (as compared to Kulim Plant 1 which has a built-up area of approximately 67,736 sq ft), which is located within the same vicinity of Kulim Plant 1. We have on 18 April 2024 entered into a tenancy agreement for the rental of Kulim Plant 3 with rental tenure commencing from 1 July 2024 to 30 June 2027 subject to a rent-free fit-out period from 1 May 2024 to 30 June 2024. In this regard, as a contingency plan in the event the CCC for Kulim Plant 3 is not obtained by the expected timing, Feytech SB had sought for further extension to the tenancy of Kulim Plant 1 from 1 July 2024 to 31 December 2024 which has been granted by the landlord of Kulim Plant 1 vide a letter dated 27 April 2024.

The CCC for the Kulim Plant 3 is expected to be obtained by May 2024 and we expect to fully operate from this Kulim Plant 3 by June 2024.

As at the LPD, we carry out our manufacturing of automotive seats in Kulim Plant 1 which generated a revenue of approximately RM81.05 million, representing approximately 38.4% of our Group's total revenue, based on the audited combined financial statements of our Group for the FYE 2023. However, the relocation of our operations at Kulim Plant 1 to Kulim Plant 3 is not expected to have a material adverse impact to our Group's operations and financial performance after taking into consideration factors such as the relocation from Kulim Plant 1 to Kulim Plant 3 will not disrupt our operations and immaterial estimated costs of relocations which are set out and detailed in **Section 7.27.1(a)** of this Prospectus. Notwithstanding the mitigating steps that can be taken by our Group to minimise disruptions to its operations during the said relocation, the maximum potential impact to the financial performance of our Group is approximately RM3.04 million (including the estimated costs of relocation of RM0.28 million), which represents less than 2% of the Group's revenue of RM211.22 million for the FYE 2023, as detailed in **Sections 7.27.1(a) and 9.1.5** of this Prospectus. However, we wish to highlight that, in addition to our mitigating steps that can be taken, in ensuring that the relocation of our operations at Kulim Plant 1 will not affect our supply of automotive seats to our customers nor the production schedules of our customers, our Group has notified our customers on the impending relocation of our operations at Kulim Plant 1 and carried out production planning with our customers to ensure their order requirements can be met according to agreed schedule.

Further details including the potential impact to the financial performance of our Group in relation to the relocation from Kulim Plant 1 to Kulim Plant 3 are set out in **Section 7.27.1(a)** of this Prospectus.

3.6 BUSINESS STRATEGIES AND FUTURE PLANS

Our Group's business strategies and future plans are as follows:

(a) Expansion of our automotive seat manufacturing operations to cater for increasing orders for automotive seats

We intend to construct Kulim Plant 2, which will comprise a new manufacturing plant, warehouse, annex office building and staff hostel. We have acquired a piece of land in Padang Serai, Kulim, Kedah, on which we will set up the Kulim Plant 2. Our Group intends to relocate

3. PROSPECTUS SUMMARY (CONT'D)

1 unit of our double conveyor lines for the manufacturing of automotive seats from Kulim Plant 3 to the manufacturing plant at the Kulim Plant 2 which will enable both the Kulim Plant 3 and Kulim Plant 2 to have additional manufacturing space and storage space to cater for higher order volume from both our existing and new customers. Our Group intends to operate from our own Kulim Plant 2 (upon completion of construction and commissioning) and the rented manufacturing plant (i.e. Kulim Plant 3) within the same vicinity to allow our Group to have flexibility in managing our production and storage space to cater for our operational needs.

(b) Expansion of our automotive covers division operations by setting up a new corporate office with manufacturing plant and warehouse

We intend to acquire a piece of land to set up our own new corporate office with manufacturing plant and warehouse in Klang Valley with larger space for installation of our automotive covers onto automotive seats and interior parts. Further, with the new sewing machines to be purchased and placed at the new manufacturing plant in Klang Valley, we will be able to carry out sewing of automotive cover material cut pieces at both the new manufacturing plant in Klang Valley and our Tampoi Plant. This would in turn improve our lead time and delivery schedule to better meet the requirements of our customers. In addition, our new corporate office with manufacturing facility will enable us to scale up operations through an increase in our Group's headcount in the Business Development department for OEM segment and Sales and Marketing department for REM and PDI segments. This will allow us to serve our existing customers in the central region of Malaysia better and secure new customers in the region as that is where most of the automotive companies' corporate offices are located.

Further details on our business strategies and future plans are set out in **Section 7.27** of this Prospectus.

3.7 RISK FACTORS

Our business is subject to a number of risk factors, many of which may have a material adverse impact on our business operations, financial position and performance. A summary of the key risk factors is set out below:

(a) We are dependent on contracts and agreements secured with automotive vehicle OEMs

As at the LPD, our Group's business or profitability is materially dependent on the contracts as set out in **Section 7.19** of this Prospectus. Our Group is dependent on automotive vehicle OEMs whom have appointed our Group for the supply of automotive covers and automotive seats, namely the Local OEM, Mazda Malaysia and Kia Malaysia. The termination or loss of any of our abovementioned contracts with the automotive vehicle OEMs will have material adverse impact to our business, financial condition, results of operations and prospects.

(b) We are dependent on our major customers and/or automotive vehicle OEMs that have appointed these major customers

Our Group is dependent on Tier 1 automotive seat and/or interior part manufacturers to the extent of the purchase orders received from them. We are also dependent on the automotive vehicle OEMs that have appointed them. Our Group's business would be impacted should these automotive vehicle OEMs' manufacturing facilities be disrupted or business face any loss in market share, financial difficulty and/or if an economic downturn impact demand for their products. The loss of the major customers as well as automotive vehicle OEMs that have appointed the Tier 1 automotive seat and/or interior part manufacturers who are our Group's major customers, could materially and adversely impact our Group's business, financial condition, results of operations and prospects.

(c) We are dependent on our Executive Directors and our Key Senior Management for the continuing success of our Group

Our Group's continuing success and growth are dependent upon the efforts and commitment our Executive Directors and Key Senior Management who play a pivotal role in our day-to-day

3. PROSPECTUS SUMMARY (CONT'D)

operations as well as developing and implementing strategies to drive the future growth of our Group. The loss of services from any of our Executive Directors and/or Key Senior Management personnel within a short period of time and without any suitable or prompt replacement may cause an adverse effect on our business, financial performance and prospects.

(d) We depend on our ability to secure new projects

Although we sign contracts with certain customers from the OEM market segment, there are no fixed volume of orders of automotive covers and automotive seats stated in these contracts. For our customers from the PDI and REM market segments, orders are secured on an as needed basis. Hence, our financial performance is dependent on our ability to continuously secure new orders, and there is a risk that we may not be able to secure sufficient new orders to sustain our business. Any adverse economic conditions or slowdowns in the automotive industry may also adversely impact our sales, which may adversely affect our Group's financial performance and business operations.

(e) We may face disruptions in our manufacturing activities

Our Group's manufacturing activities may be disrupted or delayed due to unforeseeable circumstances such as unplanned relocations due to termination of tenancy of any of our rented properties, natural disasters, fires, floods, power outage or outbreaks of diseases, which may result in the damage to, and/or destruction of all or part of our manufacturing plants, machineries and equipment, or manufactured products, and/or disruptions to our operations. Any prolonged disruption to our manufacturing activities may adversely affect our production schedule and timely delivery of our products. As a result, this will cause a negative impact on our industry reputation, relationships with our customers, business and financial performance.

(f) We are dependent on foreign workers in our operations

We are dependent on foreign workers in our operations. We are therefore vulnerable to changes in the availability and costs of employing foreign workers in Malaysia. Any changes in labour and immigration policies and regulations imposed by the Government of Malaysia, and visa restrictions on foreign workers may also lead to interruptions to our business operations. In the event where there is a shortage of foreign workers to meet our operational requirements, it may result in delays in the lead time required to manufacture automotive covers or automotive seats, and/or an increase in labour costs. As a result, it will cause an adverse effect on our business operations and financial conditions.

(g) We are exposed to price fluctuation of leather and synthetic leather automotive cover materials

Generally, leather and synthetic leather prices fluctuate according to the supply and demand conditions in the global market, and may fluctuate due to fluctuations in foreign currency exchanges as these materials are imported. Fluctuations in leather and synthetic leather automotive cover materials could impact our profit margins and/or selling prices of our automotive covers.

(h) We are dependent on some of our major suppliers for certain supplies

Our Group is required by automotive vehicle OEMs to purchase certain supplies, i.e., interior parts, automotive cover materials and/or automotive seat parts from PKT companies, Daewon and Toyo, for the manufacture of these automotive vehicle OEMs' automotive covers and/or automotive seats. Thus, in the event the automotive vehicle OEMs cease working with them and are not able to find a suitable replacement in a timely manner, our Group may face a temporary supply disruption.

Further details and the full list on the risk factors are set out in **Section 9** of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.8 IMPACT OF COVID-19 AND THE MCO ON OUR GROUP

The Malaysian Government had implemented various phases of MCO between 18 March 2020 and 1 November 2021 where mass gatherings were not allowed and businesses had to follow prescribed standard operating procedures to operate, in order to curb the spread of the COVID-19 disease, and the Total Lockdown, where there were closures of all economic sectors save for essential services and restrictions on movement, assembly and local travel, was implemented on 1 June 2021. The operations at our manufacturing plants were affected by the numerous standard operating procedures throughout the various phases of MCO and Total Lockdown. Malaysia entered into the Endemic phase of COVID-19 since 1 May 2022 and since then, all restrictions limiting the number of employees in a workplace have been uplifted and standard operating procedures were relaxed. Meanwhile, the installation of automotive covers at our Singapore Hub was disrupted during the circuit breakers implemented in Singapore from 7 April 2020 to 1 June 2020. Thereafter, our operations at Singapore Hub resumed at full capacity.

The implementation of the MCO in 2020 disrupted the manufacturing activities and the supply chain of the automotive industry, which saw the automotive cover industry size in Malaysia fell by approximately 23.0% from RM447.8 million in 2019 to RM345.0 million in 2020, as detailed in **Section 8** of this Prospectus. In view that our Group's business is tied to that of the automotive vehicle OEM's business and the automotive industry, our Group's financial results were adversely affected by the disruptions due to the MCO in the FYE 2020 whereby our Group recorded revenue of RM76.4 million. For information purposes only, Gosford Malaysia (being the largest contributor of our Group's revenue for our automotive cover division) had a total revenue of RM107.2 million in the FYE 2019 based on its audited financial statements for the FYE 2019. Nevertheless, our Group's automotive cover division has since registered positive growth in view of the gradual reopening of economy and upliftment of MCO restrictions in 2021 and 2022. Our Group's automotive cover division recorded revenues of approximately RM85.2 million and RM107.4 million for the FYE 2021 and FYE 2022 respectively.

Further details on the impact of COVID-19 on our Group are set out in **Section 7.15** of this Prospectus.

3.9 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as follows:

NAME	DESIGNATION
<u>Directors</u>	
Dato' Mazlan bin Mohamad	Independent Non-Executive Chairman
Connie Go	Non-Independent Executive Director/ Chief Executive Officer
Go Yoong Chang	Non-Independent Executive Director
Tan Sun Sun	Non-Independent Executive Director
Leou Thiam Lai	Independent Non-Executive Director
Dato' Tan Yee Boon	Independent Non-Executive Director
Lee Wan Ning	Independent Non-Executive Director
<u>Key Senior Management</u>	
Connie Go	Non-Independent Executive Director/ Chief Executive Officer
Go Yoong Chang	Non-Independent Executive Director
Tan Sun Sun	Non-Independent Executive Director
Chua Khe Gee	Chief Operating Officer
Tan Ming Shing	Chief Financial Officer

Further details on our Directors and Key Senior Management are set out in **Section 5** of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.10 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

Name	Nationality	After the Pre-IPO Restructuring Exercise but before our IPO			After our IPO		
		Direct		Indirect	Direct		Indirect
		No. of Shares	% ⁽¹⁾	No. of Shares	No. of Shares	% ⁽²⁾	No. of Shares
Promoters and substantial shareholders							
Tan Sun Sun	Malaysian	349,937,600	50.0	-	295,129,600	35.0	-
Go Yoong Chang	Malaysian	279,950,000	40.0	-	225,142,000	26.7	-
Connie Go	Malaysian	69,987,600	10.0	-	70,287,600	8.3	-

Notes:

- (1) Based on our total number of 699,875,200 Shares after the completion of the Pre-IPO Restructuring Exercise but before our IPO.
(2) Based on our enlarged number of 843,200,000 Shares after our IPO.

Further details of our Promoters and substantial shareholders are disclosed in **Section 5.1** of this Prospectus.

3.11 USE OF PROCEEDS

The total gross proceeds of approximately RM114.7 million from the Public Issue will be used by our Group in the following manner:

Purposes	RM'000	%	Estimated timeframe for use from the date of our Listing
Acquisition of land	11,600	10.1	Within 6 months
Construction of new corporate office with new manufacturing plant and warehouse	21,125	18.4	Within 24 months
Construction of new Kulim Plant 2	18,760	16.4	Within 24 months
Purchase of new machineries	3,000	2.6	Within 12 months
Working capital	52,175	45.5	Within 12 months
Estimated listing expenses	8,000	7.0	Immediate
Total	114,660	100.00	

3. PROSPECTUS SUMMARY (CONT'D)

There is no minimum subscription level in terms of the proceeds to be raised from our IPO. The gross proceeds from the Offer for Sale of up to approximately RM87.7 million will accrue entirely to the Selling Shareholders. Further details on the use of proceeds are set out in **Section 4.5** of this Prospectus.

3.12 FINANCIAL HIGHLIGHTS

The key financial highlights of our Group's historical financial information for the FY Under Review are set out below.

(a) Historical combined statements of comprehensive income

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	79,368	85,179	126,877	211,223
GP	29,063	34,371	49,807	80,803
PBT	21,755	25,671	36,991	60,062
PAT	18,128	19,049	27,593	43,876
GP margin ⁽¹⁾ (%)	36.6	40.4	39.3	38.3
PBT margin ⁽²⁾ (%)	27.4	30.1	29.2	28.4
PAT margin ⁽³⁾ (%)	22.8	22.4	21.7	20.8

Notes:

- (1) Computed based on GP over revenue.
- (2) Computed based on PBT over revenue.
- (3) Computed based on PAT over revenue.

(b) Historical combined statements of financial position

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Total non-currents assets	27,086	29,433	29,159	50,614
Total current assets	70,523	84,217	116,643	150,563
Total assets	97,609	113,650	145,802	201,177
Total non-current liabilities	14,482	15,252	11,767	26,189
Total current liabilities	19,862	25,595	48,553	47,032
Total liabilities	34,344	40,847	60,320	73,221
Total equity	63,265	72,803	85,482	127,956
Total borrowings ⁽¹⁾	16,530	17,658	14,027	18,895
Current ratio ⁽²⁾ (times)	3.6	3.3	2.4	3.2
Gearing ratio ⁽³⁾ (times)	0.2	0.2	0.1	0.1

Notes:

- (1) Including bank borrowings and lease liabilities (excluding lease liabilities for the right-of-use assets).
- (2) Computed based on current assets over current liabilities.
- (3) Computed based on the total borrowings and lease liabilities (excluding lease liabilities for the right-of-use assets) over total equity.

3. PROSPECTUS SUMMARY (CONT'D)**(c) Historical combined statements of cash flows**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	13,723	24,102	16,835	52,418
Net cash used in investing activities	(7,450)	(1,557)	(2,713)	(17,987)^
Net cash generated from / (used in) financing activities	5,823	(20,922)*	(13,334)	(2,897)
Net increase in cash and cash equivalents	12,096	1,623	788	31,534
Cash and cash equivalents at the beginning of financial year	16,028	28,191	29,785	30,383
Effect of exchange rate changes on cash and bank balances	67	(29)	(190)	594
Cash and cash equivalents at the end of financial year	28,191	29,785	30,383	62,511

Note:

* Mainly due to, among others, the payment of dividend declared by Gosford Malaysia for the FYEs 2020 and 2021 of RM10.8 million and advance made to a related party, namely Go Capital, of RM10.0 million.

^ Mainly due to, among others, the purchase of land for Kulim Plant 2 of RM13.8 million and machinery and equipment of RM2.3 million as well as right-of-use assets of RM1.9 million.

Further details on our Group's financial information are set out in **Section 12** and **Section 13** of this Prospectus.

3.13 DIVIDEND POLICY

Our Board intends to recommend and distribute dividends of at least 40% of our net profits attributable to the owners of our Company for each financial year. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business. Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (i) the level of cash and level of indebtedness;
- (ii) required and expected interest expense, cash flows, profits, return on equity and retained earnings;
- (iii) our expected results of operations and future level of operations; and
- (iv) our projected levels of capital expenditure and other investment plans.

The payment and amount of any dividends or distributions to our shareholders will be at the discretion of our Board and will depend on factors stated above (which may not be exhaustive). There is no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

The dividends declared and paid for the FYE 2020, 2021 and 2022 are RM11.9 million, RM9.8 million and RM15.0 million representing dividend payout ratio of approximately 65.7%, 51.4% and 54.3% respectively.

Further, our Group has declared and paid a total dividend of RM21.7 million for the FYE 2023 as detailed in **Section 12.13** of this Prospectus, representing dividend payout ratio of approximately 49.5%. As at the LPD, there are no dividends which have been declared by our Group but not paid.

Further details on our dividend policy and dividends declared and paid are set out in **Section 12.13** of this Prospectus.

4. DETAILS OF OUR IPO

4.1 INDICATIVE TIMETABLE

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

Event	Indicative time / date
Issuance of this Prospectus / Opening of Application	10.00 a.m. / 2 May 2024
Closing of Application	5.00 p.m. / 8 May 2024
Balloting of Applications	10 May 2024
Allotment of our Issue Shares/ Transfer of Offer Shares to successful applicants	17 May 2024
Listing	21 May 2024

If there is any change to the indicative timetable above, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and make the relevant announcement(s) on Bursa Securities' website.

4.2 DETAILS OF OUR IPO

To facilitate our Listing, we undertook the Pre-IPO Restructuring Exercise comprising the following:

(i) Acquisitions

The Acquisitions, comprising the acquisitions of Gosford Malaysia, Feytech SB, Trimex Malaysia, Gosford Singapore and Trimex Australia as detailed in **Section 6.2.1** of this Prospectus, were completed on 11 March 2024. Thereafter, Gosford Malaysia, Feytech SB, Trimex Malaysia, Gosford Singapore and Trimex Australia became our wholly-owned subsidiaries.

(ii) Share Split

Following the completion of the Acquisitions, we subdivided our 87,484,400 Shares into 699,875,200 Shares on the basis of every one (1) existing Share was subdivided into eight (8) Shares to facilitate and enhance the liquidity of our Shares at the time of our Listing.

The Share Split was completed on 25 March 2024.

Please refer to **Section 6.2** of this Prospectus for further details of the Pre-IPO Restructuring Exercise.

Our IPO involves the offering of a total of 252,940,800, representing 30.0% of the enlarged number of our Shares, which comprises the Public Issue of 143,324,800 new Shares, representing 17.0% of the enlarged number of our Shares, and Offer for Sale of 109,616,000 Shares, representing 13.0% of the enlarged number of our Shares, at the IPO Price payable in full upon Application based on such terms and conditions as set out in this Prospectus and subject to the provisions on the clawback and reallocation of our IPO Shares as well as the underwriting and placement arrangement as set out in **Sections 4.2.4 and 4.2.5** of this Prospectus, respectively.

4. DETAILS OF OUR IPO (CONT'D)

4.2.1 Public Issue

The Public Issue of 143,324,800 new Shares at the IPO Price, representing 17.0% of the enlarged number of our Shares, will be made available for Application in the following manner:

(i) Malaysian Public via balloting

42,160,000 Issue Shares, representing 5.0% of the enlarged number of our Shares, will be made available for Application by the Malaysian Public by way of balloting process as follows:

- (a) 21,080,000 Issue Shares, representing 2.5% of the enlarged number of our Shares, will be made available to the Bumiputera Malaysian Public; and
- (b) 21,080,000 Issue Shares, representing 2.5% of the enlarged number of our Shares, will be made available to the other Malaysian Public.

(ii) Eligible Persons

25,296,000 Issue Shares, representing 3.0% of the enlarged number of our Shares, are reserved for application by the Eligible Persons under Pink Form Allocation in the following manner:

Eligible Persons	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Our Directors	5	1,500,000
Eligible employees of our Group	158	4,386,000
Persons who have contributed to the success of our Group	40	19,410,000
Total	203	25,296,000

(a) Allocation to our Directors

Tan Sun Sun and Go Yoong Chang, being the Selling Shareholders, have indicated that they will not subscribe for our IPO Shares as each of them will be offering 54,808,000 Shares respectively under the Offer for Sale. None of our Issue Shares will be allocated to them under the Pink Form Allocation.

The allocations to our Executive Director and Chief Executive Officer as well as our Independent Non-Executive Directors are based on, among others, their respective roles and responsibilities in our Company and collectively, a total of 1,500,000 Issue Shares are to be allocated to them as follows:

4. DETAILS OF OUR IPO (CONT'D)

Name of Directors	Designation	No. of Issue Shares allocated
Dato' Mazlan bin Mohamad	Independent Non-Executive Chairman	300,000
Connie Go	Executive Director and Chief Executive Officer	300,000
Leou Thiam Lai	Independent Non-Executive Director	300,000
Dato' Tan Yee Boon	Independent Non-Executive Director	300,000
Lee Wan Ning	Independent Non-Executive Director	300,000
Total		1,500,000

(b) Allocation to eligible employees of our Group

The Pink Form Allocation to our Group's eligible employees are based on the following criteria as approved by our Board:

- (i) the eligible employee must be at least 18 years old;
- (ii) the eligible employee must be a full-time and confirmed employee of our Group and on our Group's payroll;
- (iii) seniority, job grade or job responsibility;
- (iv) length of service with our Group;
- (v) performance and past contribution to our Group; and
- (vi) other factors deemed relevant by our Board.

The allocation of our Issue Shares to our eligible employees includes allocation to the following Key Senior Management:

Name of Key Senior Management	Designation	No. of Issue Shares allocated
Chua Khe Gee	Chief Operating Officer	300,000
Tan Ming Shing	Chief Financial Officer	300,000
Total		600,000

(c) Allocation to persons who have contributed to the success of our Group

The criteria for the allocation to persons who have contributed to the success of our Group are based on, among others, their level of contribution, length of business relationship with our Group and support to the growth and success of our Group. These may include, among others, our suppliers, customers and business associates.

4. DETAILS OF OUR IPO (CONT'D)

(iii) Private placement to Selected Investors

75,868,800 Issue Shares, representing 9.0% of the enlarged number of our Shares, will be made available for application by way of private placement to Selected Investors.

4.2.2 Offer for Sale

Concurrent with the Public Issue, the Selling Shareholders will offer 109,616,000 Offer Shares (i.e. 54,808,000 Offer Shares by each Selling Shareholder), representing 13.0% of the enlarged number of our Shares, at the IPO Price in the following manner:

(i) Private placement to Bumiputera investors approved by MITI

105,400,000 Offer Shares, representing 12.5% of the enlarged number of our Shares, will be made available for Application by way of private placement to Bumiputera investors approved by MITI.

(ii) Private placement to Selected Investors

4,216,000 Offer Shares, representing 0.5% of the enlarged number of our Shares, will be made available for Application by way of private placement to Selected Investors.

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4. DETAILS OF OUR IPO (CONT'D)

The Offer Shares to be offered by our Selling Shareholders, their relationships and shareholdings in our Company before and after our IPO are as follows:

Name	Nature of relationship	Before our IPO		Offer for Sale		After our IPO	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Tan Sun Sun	Our Promoter, Non-Independent Executive Director and substantial shareholder	349,937,600	50.0	54,808,000	6.5	295,129,600	35.0
Go Yoong Chang	Our Promoter, Non-Independent Executive Director and substantial shareholder	279,950,000	40.0	54,808,000	6.5	225,142,000	26.7

Notes:

- (1) Based on our total number of 699,875,200 Shares after the completion of the Pre-IPO Restructuring Exercise but before our IPO.
- (2) Based on our enlarged number of 843,200,000 Shares after our IPO.

Our Offer for Sale is expected to raise gross proceeds of RM87.7 million and will accrue entirely to our Selling Shareholders. Our Selling Shareholders shall bear all expenses such as placement fee and miscellaneous fee relating to the Offer Shares. The Offer Shares are not underwritten by our Managing Underwriter and Joint Underwriters. Please refer to **Sections 5.1 and 5.2** of this Prospectus for further details of our Selling Shareholders.

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4. DETAILS OF OUR IPO (CONT'D)

In summary, our IPO Shares will be allocated, allotted and/or transferred in the following manner:

	Public Issue		Offer for Sale		Total	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Malaysian Public (via balloting)						
- Bumiputera	21,080,000	2.5	-	-	21,080,000	2.5
- Non-Bumiputera	21,080,000	2.5	-	-	21,080,000	2.5
Eligible Persons						
- Our Directors	1,500,000	0.2	-	-	1,500,000	0.2
- Eligible employees of our Group	4,386,000	0.5	-	-	4,386,000	0.5
- Persons who have contributed to the success of our Group	19,410,000	2.3	-	-	19,410,000	2.3
Private placement to Selected Investors	75,868,800	9.0	4,216,000	0.5	80,084,800	9.5
Private placement to Bumiputera investors approved by MITI	-	-	105,400,000	12.5	105,400,000	12.5
Total	143,324,800	17.0	109,616,000	13.0	252,940,800	30.0

Note:

(1) Based on our enlarged number of 843,200,000 Shares after our IPO.

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4. DETAILS OF OUR IPO (CONT'D)

4.2.3 Statement by our Board

As at the LPD:

- (i) there are no substantial shareholders, Directors or Key Senior Management who have indicated to us that they intend to subscribe for our IPO Shares, save for the Issue Shares made available for application under the Pink Form Allocation as disclosed in **Section 4.2.1(ii)** of this Prospectus; and
- (ii) to the best of our knowledge, there is no person that intends to subscribe for more than 5.0% of our IPO Shares.

4.2.4 Clawback and reallocation of our IPO Shares

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

(i) Malaysian Public via balloting

If our Issue Shares allocated to the Bumiputera Malaysian Public are under-subscribed, such Issue Shares will be made available to the other Malaysian Public. Likewise, any Issue Shares allocated to the other Malaysian Public are under-subscribed, such Issue Shares will be made available to the Bumiputera Malaysian Public.

In the event that there are Issue Shares which are not subscribed by the Malaysian Public, the remaining portion unsubscribed will be made available for application and offered to the Selected Investors.

Any further Issue Shares which are not subscribed for after being allocated and offered to the Selected Investors, such Issue Shares shall be underwritten by our Managing Underwriter and Joint Underwriters in accordance with the salient terms of the Underwriting Agreement.

(ii) Eligible Persons

Any Issue Shares under Pink Form Allocation which are not subscribed by any of the Eligible Persons shall be re-offered to our Group's other Eligible Persons before being re-allocated to the Malaysian Public and/or to the Selected Investors by way of private placement.

Thereafter, any remaining Issue Shares under the Pink Form Allocation which are not subscribed for shall be underwritten by our Managing Underwriter and Joint Underwriters in accordance with the terms of the Underwriting Agreement.

(iii) Private placement to Selected Investors

In the event of under-subscription of the IPO Shares in respect of the allocation by way of private placement to the Selected Investors, the remaining unsubscribed portion will be clawed back and reallocated to the Malaysian Public.

(iv) Private placement to Bumiputera investors approved by MITI

In the event of under-subscription of the IPO Shares in respect of the allocation by way of private placement to Bumiputera investors approved by MITI ("**MITI Tranche**"), the unsubscribed IPO Shares under the MITI Tranche shall firstly be allocated to Malaysian institutional investors under the private placement to Selected Investors, if any. Any unsubscribed portion after the re-allocation shall be allocated to the over-subscribed portion of the Bumiputera Malaysian public, if any, and any balance remaining thereafter shall be made available for Application by the non-Bumiputera Malaysian Public and/or other investors under the private placement to Selected Investors.

4. DETAILS OF OUR IPO (CONT'D)

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

The allocation of our IPO Shares shall be in a fair and equitable manner and shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares.

The number of Issue Shares offered under the Public Issue will not be increased via any over-allotment of "greenshoe" option.

4.2.5 Underwriting and placement arrangement

Our Managing Underwriter and Joint Underwriters have severally, i.e., not (i) jointly or (ii) jointly and severally, underwritten the following:

- (i) all the 42,160,000 Issue Shares made available to the Malaysian Public; and
- (ii) all the 25,296,000 Issue Shares made available to the Eligible Persons by way of Pink Form Allocation.

Please refer to **Section 4.7** of this Prospectus for the salient terms of the Underwriting Agreement.

All the 80,084,800 IPO Shares and 105,400,000 Offer Shares made available by way of private placement to the Selected Investors and the Bumiputera investors approved by MITI, respectively, are not underwritten by our Managing Underwriters and Joint Underwriters. Irrevocable written undertakings from the investors to subscribe for our IPO Shares available under the private placement will be obtained by our Joint Placement Agents.

4.2.6 Minimum subscription level

There is no minimum level of proceeds to be raised by us from our IPO. All our Issue Shares are either subscribed by the Malaysian Public, the Eligible Persons and/or the Selected Investors pursuant to their irrevocable undertakings or fully underwritten by our Managing Underwriter and Joint Underwriters.

However, in order to comply with the public shareholding spread requirement under the Listing Requirements, the minimum subscription level in terms of the number of Shares will be the number of Shares required to be held by public shareholders of our Company.

Under the Listing Requirements, we are required to have at least 25.0% of our Shares held by a minimum of 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the above public shareholding spread requirement is not met, we may not be able to proceed with our Listing. Please refer to **Section 9.3.4** of this Prospectus for further details in the event there is a delay in or termination of our Listing.

4.2.7 Priority of the offering

In the event the demand for our IPO Shares is less than 252,940,800 IPO Shares, our 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 our Public Issue, and following that, any excess demand will be satisfied with the Offer Shares under the Offer for Sale.

4. DETAILS OF OUR IPO (CONT'D)

4.2.8 Share capital

Upon completion of our IPO, our share capital shall be as follows:

Details	No. of Shares	RM
Share capital after the Pre-IPO Restructuring Exercise	699,875,200	87,484,400
New Shares to be issued under the Public Issue	143,324,800	114,659,840
Enlarged share capital upon Listing	843,200,000	202,144,240
IPO Price per IPO Share		RM0.80
Market capitalisation upon Listing ⁽¹⁾		RM674,560,000
Pro forma combined NA per Share (based on the pro forma combined statements of financial position as at 31 December 2023) ⁽²⁾		RM0.26

Notes:

- (1) Based on the IPO Price and the enlarged number of our Shares upon Listing.
- (2) Based on the pro forma NA after the Pre-IPO Restructuring Exercise, our Public Issue and adjusting for the use of proceeds from our Public Issue, and the enlarged number of our Shares upon Listing.

The Offer for Sale will not have any effect on our issued share capital as the Offer Shares are our existing Shares prior to our IPO.

4.2.9 Classes of shares and ranking

As at the date of this Prospectus, we only have one class of shares, being the ordinary shares, all of which rank equally with each other.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing 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 our Issue Shares, subject to any applicable Rules of Bursa Depository.

The Offer Shares rank equally in all respects with our existing 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 we may issue in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share the profits paid out by our Company 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 proportion to our Shares held by them, after the satisfaction of any preferential payments and liabilities in accordance with the Constitution of our Company and provisions of the Act.

At every general meeting of our Company, each of our shareholders shall be entitled to vote (i) in person; (ii) by proxy; (iii) by attorney; or (iv) by other duly authorised representatives. 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 authorised representative shall have one (1) vote for each Share held or represented. A proxy may but need not be a shareholder of our Company.

4. DETAILS OF OUR IPO (CONT'D)

4.2.10 Price stabilisation mechanism

We will not be employing any price stabilisation mechanism (which is in accordance with the Capital Markets and Services (Price Stabilization Mechanism) Regulations 2008) for our IPO.

4.3 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price of RM0.80 per Share was determined and agreed upon by our Directors, Promoters and Selling Shareholders in consultation with the Principal Adviser, Managing Underwriter, Joint Underwriters and Joint Placement Agents after taking into consideration, among others, the following factors:

- (i) the PE Multiple of approximately 15.3 times based on our Group's EPS of 5.2 sen after taking into account our PAT for the FYE 2023 of RM43.9 million and the enlarged number of 843.2 million Shares upon our Listing. Our PAT after being adjusted for the Listing expenses (which are one-off expenses) incurred in FYE 2023 of RM3.1 million would be RM46.9 million, which translates into an adjusted EPS of 5.6 sen for the FYE 2023 and a PE Multiple of approximately 14.4 times;
- (ii) our Group's historical financial performance for the FY Under Review as set out in **Section 12** of this Prospectus and summarised below:

	Audited			
	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE2023 (RM'000)
Revenue	79,368	85,179	126,877	211,223
GP	29,063	34,371	49,807	80,803
PAT	18,128	19,049	27,593	43,876

- (iii) our pro forma combined NA per Share as at 31 December 2023 of RM0.26, which was calculated based on the pro forma combined NA after our IPO, after taking into account the use of proceeds from our Public Issue and our enlarged number of 843.2 million Shares upon our Listing;
- (iv) our competitive position as set out in **Section 7.4** of this Prospectus;
- (v) our business strategies and future plans as set out in **Section 7.27** of this Prospectus;
- (vi) the overview and prospects of the industry in which our Group operates based on the IMR Report as set out in **Section 8** of this Prospectus; and
- (vii) the prevailing market conditions, including but not limited to, the market performance of key indices and companies involved in similar businesses listed on Bursa Securities, and investors' sentiments.

YOU SHOULD NOTE THAT THE MARKET PRICE OF OUR SHARES UPON OUR LISTING IS SUBJECT TO THE UNCERTAINTIES OF MARKET FORCES AND OTHER FACTORS WHICH MAY AFFECT THE MARKET PRICE OF OUR SHARES. YOU SHOULD FORM YOUR OWN VIEWS ON THE VALUATION OF OUR SHARES BEFORE DECIDING TO INVEST IN OUR SHARES. YOU ARE REMINDED TO CONSIDER CAREFULLY THE RISK FACTORS AS SET OUT IN SECTION 9 OF THIS PROSPECTUS BEFORE DECIDING TO INVEST IN OUR SHARES.

4. DETAILS OF OUR IPO (CONT'D)

4.4 DILUTION

4.4.1 NA per Share

Dilution is the amount by which the IPO Price paid by investors for our IPO Shares exceeds our pro forma combined NA per Share after our IPO.

The following table illustrates the dilution effect on our Group's pro forma combined NA on a per Share basis:

	<u>Note</u>	<u>RM</u>
IPO Price	(A)	0.80
Pro forma combined NA per Share as at 31 December 2023, after the Pre-IPO Restructuring Exercise but before our IPO	(B)	0.15
Pro forma combined NA per Share as at 31 December 2023, after the Pre-IPO Restructuring Exercise, our Public Issue and the intended use of proceeds from our Public Issue	(C)	0.26
Increase in the pro forma combined NA per Share attributable to our existing shareholders	(C) – (B)	0.11
Dilution in the pro forma combined NA per Share to new investors	(D) = (A) – (C)	0.54
Dilution in the pro forma combined NA per Share to new investors as a percentage of the IPO Price	(D)/(A)	67.5%

Further details on our pro forma combined NA per Share as at 31 December 2023 are set out in **Section 12.14** of this Prospectus.

4.4.2 Effective cost per Share

None of our substantial shareholders, Directors and/or Key Senior Management or persons connected with them had acquired, obtained the right to acquire and/or subscribe for our Shares, from the date of our incorporation up to the LPD:

<u>Name</u>	<u>Date of investment</u>	<u>No. of Shares acquired</u>	<u>Total consideration (RM)</u>	<u>No. of Shares after the Share Split</u>	<u>Effective cost per Share (RM)</u>
<u>Directors, substantial shareholders and Key Senior Management</u>					
Connie Go	19 September 2023 / 11 March 2024	8,748,450 ⁽¹⁾	8,748,450 ⁽¹⁾	69,987,600	0.125
Go Yoong Chang	11 March 2024	34,993,750	34,993,750	279,950,000	0.125
Tan Sun Sun	11 March 2024	43,742,200	43,742,200	349,937,600	0.125

Note:

- (1) Including the 1 Share acquired from Koh Song Ho for RM1.00 which was completed on 19 September 2023.

4. DETAILS OF OUR IPO (CONT'D)**4.5 USE OF PROCEEDS**

The total gross proceeds of approximately RM114.7 million from our Public Issue will be used by our Group in the following manner:

Purposes	Section	RM'000	%	Estimated timeframe for use from the date of our Listing
Acquisition of land	4.5.1	11,600	10.1	Within 6 months
Construction of a new corporate office with manufacturing plant and warehouse	4.5.2	21,125	18.4	Within 24 months
Construction of new Kulim Plant 2	4.5.3	18,760	16.4	Within 24 months
Purchase of new machineries	4.5.4	3,000	2.6	Within 12 months
Working capital	4.5.5	52,175	45.5	Within 12 months
Estimated listing expenses	4.5.6	8,000	7.0	Immediate
Total		114,660	100.0	

Further details of the utilisation are set out below whilst our business strategies and future plans are set out in **Section 7.27** of this Prospectus.

While pending utilisation of the IPO proceeds raised, we will place the IPO proceeds in interest-bearing accounts with licensed financial institutions or short-term money market instruments.

4.5.1 Acquisition of land

We have earmarked RM11.6 million from the gross proceeds of our Public Issue for the acquisition of a piece of land to be identified to construct our new corporate office with manufacturing plant and warehouse in Klang Valley area (as detailed in **Section 4.5.2** below).

As at the LPD, for our operations in Malaysia, we are operating from 3 locations, namely our Tampoi Plant in Tampoi, Johor, our Kulim Plant 1 in Kulim, Kedah and our PJ Hub in Petaling Jaya, Selangor. Our PJ Hub serves our customers in the central region of Malaysia.

As at the LPD, our Group currently rents the PJ Hub (which is a factory with 2-storey office block having an approximate built-up area of 12,667.5 sq ft) from a third party as sales and installation hub. The PJ Hub mainly comprises the offices for our Sales and Marketing department for REM and PDI segments for central region and Business Development department for OEM segment as well as installation hub for repair and/or replacement of customised automotive seat covers that are sold to PDI and REM market segments. The PJ Hub has approximately 9,272.1 sq ft of storage space as at the LPD.

The current PJ Hub has been fully utilised and does not have sufficient space for us to increase our headcount and storage space. As part of our Group's expansion plan to better serve our customers in the central region of Malaysia, our Group intends to acquire a piece of land with an approximate land area of 3 acres or 130,680 sq ft to construct our new corporate office with manufacturing plant and warehouse. The land cost is estimated to be approximately RM32.7 million (approximately RM10.9 million per acre or RM250 per sq ft).

4. DETAILS OF OUR IPO (CONT'D)

As at the LPD, we are still in the midst of identifying the land to be acquired to construct our new corporate office with manufacturing plant and warehouse in Klang Valley area. The exact location and size of the land are subject to changes depending on the price and availability. Other criteria for selection of location and size of the land would include strategic site and proximity to our customers' location in Klang Valley as well as sufficient land area to construct our new corporate office with manufacturing plant and warehouse to cater for larger space for our business expansion in the Klang Valley area. We anticipate to identify and complete the land acquisition within 6 months from the date of our Listing.

We intend to procure bank borrowings to finance approximately 70% of the purchase consideration for the land (i.e. approximately RM22.9 million based on the estimated land cost of RM32.7 million) while the remaining purchase consideration for the land of RM9.8 million and the relevant transaction costs such as stamp duty and legal fees shall be funded via the proceeds of RM11.6 million from our IPO allocated to fund part of the land cost. If the actual costs to be incurred for the acquisition of the land exceeds the allocated amount of proceeds from our IPO, the shortfall will be funded from the amount allocated for our working capital, our internally-generated funds and/or bank borrowings.

Please refer to **Section 7.27** of this Prospectus for further details of our Group's business strategies and future plans.

4.5.2 Construction of a new corporate office with manufacturing plant and warehouse

We have earmarked approximately RM21.1 million from the gross proceeds of our Public Issue for the construction of our new corporate office with manufacturing plant and warehouse on the land to be acquired in Klang Valley area as detailed in **Section 4.5.1** above.

In conjunction with our plan to expand our customer base which are mainly headquartered in central region of Malaysia, we intend to construct and set up our new corporate office with manufacturing plant and warehouse in Klang Valley with an approximate build-up area of 85,000 sq ft which will be used for:

<u>No.</u>	<u>Purpose</u>	<u>Estimated built-up area (sq ft)</u>
<u>Corporate office</u>		
(a)	Corporate office for Sales and Marketing department (for REM and PDI segments), Business Development (for OEM segment), future corporate finance and planning department as well as meeting rooms	25,000
(b)	Sales showroom and customer lounge area for REM segment	5,000
<u>Manufacturing plant and warehouse</u>		
(c)	Installation of automotive covers onto automotive seats and interior parts (e.g. door ornaments and console), sewing of automotive covers as well as storage space for automotive covers (with and without interior parts)	55,000
Total estimated built-up area		85,000

The remaining land area of approximately 69,680 sq ft will be used for guardhouse, waste chamber, electrical substation and car park as well as setback area of our new corporate office with manufacturing plant and warehouse.

4. DETAILS OF OUR IPO (CONT'D)

Upon completion of the construction of the new corporate office with manufacturing plant and warehouse, we intend to relocate all our operations at the PJ Hub to this new corporate office with manufacturing plant and warehouse.

Our PJ Hub serves our customers in the central region of Malaysia. Our Group currently rents the PJ Hub (which is a factory with 2-storey office block having an approximate built-up area of 12,667.5 sq ft) from a third party as sales and installation hub. The PJ Hub mainly comprises the offices for our Sales and Marketing department for central region and Business Development for OEM segment as well as installation hub for repair and/or replacement of customised automotive seat covers that are sold to PDI and REM market segments. Currently, some of our automotive covers, which are manufactured in our Tampoi Plant, will be stored at our PJ Hub prior to delivery to our customers. The current PJ Hub has been fully utilised and does not have sufficient space for us to increase our headcount and storage space as well as area for meetings with our customers.

Our new corporate office with manufacturing plant and warehouse will enable us to increase our Group's headcount in our Business Development department for OEM segment and Sales and Marketing department for REM and PDI segments and ease of conduct of meetings at our premises (as compared to our current headquarters at our Tampoi Plant in Johor Bahru, Johor) in order to serve our existing customers better and tap into the new customer base in the central region of Malaysia where most of the automotive companies' headquarters are located. We will also set up our new corporate finance and planning department at our new corporate office.

The new manufacturing plant and warehouse will have a larger area space for installation of automotive covers onto automotive seats and installation of automotive covers with interior parts (e.g. door ornaments and console). Currently sewing of automotive cover material cut pieces to form complete automotive covers is only undertaken at our Tampoi Plant. Our new manufacturing plant in Klang Valley will have up to 15 new sewing machines to be purchased under **Section 4.5.4** of this Prospectus. This will enable us to carry out sewing of automotive cover material cut pieces to form complete automotive covers at both the new manufacturing plant in Klang Valley and our Tampoi Plant. This would in turn improve our lead time and delivery schedule to better meet the requirements of our customers.

We intend to commence construction of our new corporate office with manufacturing plant and warehouse immediately after the completion of the land acquisition. The completion of the construction works and the commencement of our operation at the new corporate office with manufacturing plant and warehouse, subject to our Group obtaining the relevant licences and approvals from the regulatory authority, are estimated to be 18 months after the completion of the land acquisition. Further details on the construction of our new corporate office with manufacturing plant and warehouse are set out in **Section 7.27.2** of this Prospectus.

We estimate the total construction cost of the new corporate office with manufacturing plant and warehouse to be approximately RM21.1 million, comprising costs for construction of the building and installation of interior refurbishment of approximately RM19.1 million, which is estimated based on cost estimation procured by our Group from third party contractors of RM225 per sq ft of the built-up area, and installation of a rooftop solar photovoltaic system of approximately RM2.0 million. In the event the allocated proceeds are insufficient for the construction of the corporate office with manufacturing plant and warehouse, the shortfall will be funded from the amount allocated for our working capital, our internally-generated funds and/or bank borrowings.

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4. DETAILS OF OUR IPO (CONT'D)

4.5.3 Construction of new Kulim Plant 2

We have earmarked approximately RM18.8 million from the gross proceeds of our Public Issue to construct our Kulim Plant 2.

In 2021, our Group ventured into the manufacturing of automotive seats. As at the LPD, we occupy the rented Kulim Plant 1, which comprises a 1-storey production block located in Padang Serai, Kulim, Kedah with a total built-up area of approximately 67,736 sq ft, for the manufacturing of automotive seats as follows:

Purpose	Function	Existing built-up area at Kulim Plant 1 (sq ft)
Manufacturing space	Manufacturing of automotive seats with 2 units of double conveyor lines and the related offline processes or workstations (i.e., workstations set up out of the main production/assembly line to improve output for processes which have been identified as bottleneck on the main production/assembly line)	26,146
Storage space	Storage of automotive seats and automotive seat parts (including finished goods and incoming materials and supplies)	38,102
Office and meeting room	Office for our employees in the production, technical development, QA/QC, human resources and finance departments based in Kulim Plant 1 as well as a meeting room	3,488
Total approximate built-up area		67,736

As at the LPD, we have fully utilised 64,248 sq ft of the total manufacturing space and storage space in our Kulim Plant 1.

Based on the estimated maximum manufacturing capacity of our existing 2 units of double conveyor lines at the Kulim Plant 1, we can produce up to approximately 36,000 sets of automotive seats per annum. However, the actual capacity and output of our manufacturing of automotive seats are currently being limited by the manufacturing space and storage space available at our Kulim Plant 1. Furthermore, the use of our manufacturing space also depends on the type of automotive seat being produced whereby the layout of our manufacturing space is designed to meet the requirements of the assembly processes for specific automotive seat of a car model. Further details on the manufacturing capacity and utilisation rates based on the machining capacity and floor area space are set out in **Section 7.7** of this Prospectus.

The floor area space in Kulim Plant 1 has been fully utilised with the 2 double conveyor lines as well as storage of both finished goods and incoming materials and supplies for the manufacturing of automotive seats. The manufacturing space utilised also include manufacturing space for offline processes performed on workstations to prepare the necessary materials and supplies before they are assembled on the double conveyor lines, such as attaching automotive covers to paddings, affixing these paddings to frames and installing airbags in the specific position of an automotive seat which are carried out manually by our workers with specific tools and equipment. These processes typically take longer time to complete and as such, have been identified as bottleneck on the main production/assembly line. Thus, these offline processes are performed in workstations to improve operational efficiency of the processes performed on the double conveyor lines. In addition, the automotive seats and related parts manufactured are also quite large in size and thus, large space is required to store finished goods and incoming materials and supplies.

4. DETAILS OF OUR IPO (CONT'D)

In view of the foregoing, we require additional manufacturing space and storage space to cater for the increasing orders from our customers and new orders from our new customers.

On 8 December 2023, Feytech SB had received a letter from the landlord of Kulim Plant 1 whereby the landlord has decided to discontinue with the tenancy agreement dated 20 April 2021 for the rental of Kulim Plant 1 which expires on 30 April 2024. The said landlord and Feytech SB had vide a letter dated 22 December 2023 agreed to extend the tenancy of Kulim Plant 1 from 1 May 2024 to 30 June 2024 to facilitate the relocation of Feytech SB's manufacturing plant to Kulim Plant 3. In this regard, as a contingency plan in the event the CCC for Kulim Plant 3 is not obtained by the expected timing, Feytech SB had sought for further extension to the tenancy of Kulim Plant 1 from 1 July 2024 to 31 December 2024 which has been agreed by the said landlord vide a letter dated 27 April 2024.

In view of the foregoing and to cater to our current need for additional manufacturing space and storage space for our manufacturing of automotive seats, we have identified Kulim Plant 3 with a larger built-up area of approximately 125,895 sq ft (as compared to Kulim Plant 1 which has a built-up area of approximately 67,736 sq ft), which located within the same vicinity of Kulim Plant 1. We have on 18 April 2024 entered into a tenancy agreement with Green Estate Sdn Bhd, which is a third party, for the rental of Kulim Plant 3 with rental tenure commencing from 1 July 2024 to 30 June 2027 subject to a rent-free fit-out period from 1 May 2024 to 30 June 2024 ("**Fit-Out Period**"). The Fit-Out Period is to allow our Group to carry out the relocation of our operations from Kulim Plant 1 and renovation works at Kulim Plant 3 while pending the procurement of the CCC for the Kulim Plant 3. For the avoidance of doubt, prior to the obtainment of the CCC for the Kulim Plant 3, we will only carry out relocation and fitting works at Kulim Plant 3. The CCC for the Kulim Plant 3 is expected to be obtained by May 2024, upon which we will commence our operations at Kulim Plant 3. In this regard, our management is of the view that the extension of tenancy of Kulim Plant 1 until 31 December 2024 is adequate to facilitate the relocation to Kulim Plant 3, including the obtainment of CCC for the Kulim Plant 3, after taking into consideration that the risk of prolonged delay in obtaining the CCC for the Kulim Plant 3 is minimal in view that, among others, the construction of the Kulim Plant 3 is in compliance with the relevant building requirements approved by the relevant authorities as confirmed by the third party professional engineer appointed for the construction of Kulim Plant 3 and Bomba had on 31 March 2024 provided its release letter in support of the CCC for the Kulim Plant 3.

As at the LPD, we carry out our manufacturing of automotive seats in Kulim Plant 1 which generated a revenue of approximately RM81.05 million, representing approximately 38.4% of our Group's total revenue, based on the audited combined financial statements of our Group for the FYE 2023. However, the relocation of our operations at Kulim Plant 1 to Kulim Plant 3 is not expected to have material adverse impact to our Group's operations and financial performance after taking into consideration, among others, the following:

- (i) the relocation from Kulim Plant 1 to Kulim Plant 3 will not disrupt our operations, including the continuity of supply of automotive seats to our customers, in view that the production/assembly lines, equipment and tools as well as the equipment for its other functions such as office, technical development and QA/QC can be easily dismantled and re-installed at the new premise (i.e. Kulim Plant 3).

In this regard, we intend to relocate the 2 double conveyor lines from Kulim Plant 1 in stages over the Fit-Out Period, i.e. by firstly, relocating 1 double conveyor line to Kulim Plant 3, while continue to operate the other double conveyor line at Kulim Plant 1, and upon the first double conveyor line installed at the Kulim Plant 3 began production, the other double conveyor line will then be relocated from Kulim Plant 1 to Kulim Plant 3, to minimise disruptions to the operations of our manufacturing of automotive seats and we expect to fully operate from this Kulim Plant 3 by June 2024.

- (ii) Immaterial estimated costs of relocations, such as costs for dismantling and re-installation of production/assembly lines and equipment including testing and commissioning works as well as transportation costs, of approximately RM0.16 million (based on quotations obtained from third party service providers) and amount of impairment of renovation and fittings at Kulim Plant 1 as a result of the said relocation of approximately RM0.12 million.

4. DETAILS OF OUR IPO (CONT'D)

Further details on the relocation of our operations at Kulim Plant 1 to Kulim Plant 3 and its potential impact to the financial performance of our Group are set out in **Sections 7.27.1 and 9.1.5** of this Prospectus.

The estimated built-up area of Kulim Plant 3 of approximately 125,895 sq ft is detailed as follows:

Purpose	Function	Estimated built-up area at Kulim Plant 3 (sq ft)
Manufacturing space	Manufacturing of automotive seats with 2 units of double conveyor lines and the related offline processes or workstations (i.e., workstations set up out of the main production/assembly line to improve output for processes which have been identified as bottleneck on the main production/assembly line)	63,974
Storage space	Storage of automotive seats and automotive seat parts (including finished goods and incoming materials and supplies)	46,139
Office and meeting room	Office for our employees in the production, technical development, QA/QC, human resources and finance departments as well as meeting room(s)	15,782
Total approximate built-up area		125,895

In addition to the above, we also plan to increase the manufacturing space for additional offline processes or workstations to improve output for processes which have been identified as bottleneck on the main production/assembly line and storage space for both finished goods and incoming materials and supplies for our manufacturing of automotive seats as well as to operate at our own manufacturing plant, we have acquired a piece of land in Padang Serai, Kulim, Kedah with an approximate land area of 8.1 acres or 353,400.7 sq ft (which is in the vicinity of Kulim Plant 3) which is located close to the appointed assembly plant of our automotive seat customers to set up our Kulim Plant 2. The Kulim Plant 2 is envisaged to comprise a manufacturing plant, warehouse, annex office building and staff hostel, with a total estimated built-up area of 84,000 sq ft.

With the completion of the Kulim Plant 2, our Group intends to relocate 1 unit of our double conveyor lines for the manufacturing of automotive seats from Kulim Plant 3 to the manufacturing plant at the Kulim Plant 2 which will enable both the Kulim Plant 3 and Kulim Plant 2 to have additional manufacturing space and storage space to cater for increasing volume of automotive seats manufactured by our Group and input materials and supplies, as follows:

Purpose	Function	Estimated built-up area (after completion of Kulim Plant 2) (sq ft)		
		Kulim Plant 3	Kulim Plant 2	Total
Manufacturing space	Manufacturing of automotive seats with 1 unit of double conveyor lines at each manufacturing plant and the related offline processes or workstations (i.e., workstations set up out of the main production/assembly line to improve output for processes which have been identified as bottleneck on the main production/assembly line)	63,974	14,000	77,974

4. DETAILS OF OUR IPO (CONT'D)

Purpose	Function	Estimated built-up area (after completion of Kulim Plant 2) (sq ft)		
		Kulim Plant 3	Kulim Plant 2	Total
Storage space	Storage of automotive seats and automotive seat parts (including finished goods and incoming materials and supplies)	46,139	41,000	87,139
Office and meeting room(s)	Office for our employees in the production, technical development, QA/QC, human resources and finance departments as well as meeting room(s)	15,782	7,000	22,782
Staff hostel	Staff accommodation	-	22,000	22,000
Total approximate built-up area		125,895	84,000	209,895

With the relocation of 1 unit of our Group's double conveyor lines to the Kulim Plant 2, it is expected that our Group's combined manufacturing space for our manufacturing of automotive seats at both Kulim Plant 3 and Kulim Plant 2 will increase from 63,974 sq ft to 77,974 sq ft while the combined storage space for automotive seats and automotive seat parts at both Kulim Plant 3 and Kulim Plant 2 will increase from approximately 46,139 sq ft to approximately 87,139 sq ft. Such expansion of our manufacturing space and storage space for automotive seats and automotive seat parts will enable our Group to cater for higher order volume from both our existing and new customers as the additional offline processes or workstations are required to improve output to minimise bottleneck amidst the higher production volume expected and to cater for increasing volume of input materials and supplies as well as finished goods which are large in size. Further, we can also serve our customers better with availability of buffer stocks for materials and supplies required as well as finished goods to ensure short lead time to delivery can be achieved.

The total manufacturing space and storage space for our manufacturing of automotive seats will increase from approximately 110,113 sq ft (estimated at our Kulim Plant 3) to approximately 165,113 sq ft (at our Kulim Plant 3 and Kulim Plant 2) after the completion of construction of Kulim Plant 2.

As at the LPD, there is no staff accommodation provided in Kulim Plant 1 and 30 of our Group's employees at the Kulim Plant 1 are staying at a rented property near to the Kulim Plant 1. The new staff hostel to be constructed on the Kulim Plant 2 is expected to house up to 100 staff and cater for our increased headcount as part of our expansion plan as provided in **Section 7.27** of this Prospectus.

The annex office building will enable us to accommodate the increased number of employees for our automotive seat division in Kulim, Kedah in order to cater for our increasing operational activities.

We have acquired the land for Kulim Plant 2 in October 2023 which was funded by our Group's internally-generated funds and bank borrowings. As at the LPD, we are in the midst of preparing the planning permission and building plans for the construction of Kulim Plant 2 and expect to submit the same to the relevant authorities in May 2024.

4. DETAILS OF OUR IPO (CONT'D)

We expect to commence the construction works for the Kulim Plant 2 in the 3rd quarter of 2024, subject to our Group first obtaining approvals for the planning permission and building plans from the local council for the construction of the Kulim Plant 2. We anticipate to complete the construction works and commence our operation at the Kulim Plant 2 by the 4th quarter of 2025 (which is estimated to be within 24 months from the date of our Listing), subject to our Group obtaining the relevant licences and approvals from the regulatory authority. Further details on the construction of the Kulim Plant 2 are set out in **Section 7.27.1** of this Prospectus.

The Kulim Plant 2 as described above is envisaged to only occupy approximately 1.5 acres out of 8.1 acres of the land in Padang Serai, Kulim, Kedah acquired by our Group. Our Group does not have any immediate plans to develop the remaining land area of approximately 6.6 acres as at the LPD. Our Group will reserve the remaining undeveloped part of the land for future expansion, the timing and scale of which will depend on our Group's business expansion need and available funds.

The amount of proceeds from our Public Issue of RM18.8 million earmarked for Kulim Plant 2 includes the construction cost of the manufacturing plant, warehouse, annex office building and staff hostel (including the interior refurbishment and installation of a rooftop solar photovoltaic system). In the event the allocated proceeds are insufficient for the construction of the Kulim Plant 2, the shortfall will be funded from the amount allocated for our working capital, our internally-generated funds and/or bank borrowings.

Upon completion of the Kulim Plant 2, our Group intends to operate from both the Kulim Plant 3 and Kulim Plant 2 for the manufacturing of automotive seats. Our Group plans to operate from our own Kulim Plant 2 (upon completion of construction and commissioning) and a rented manufacturing plant (i.e. Kulim Plant 3) within the same vicinity to allow our Group to have flexibility in managing our production and storage space to cater for our operational needs, such as the ease of relocating our rented manufacturing plant to another rented manufacturing plant with larger production and storage space if the need arises depending on our customers' orders.

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4. DETAILS OF OUR IPO (CONT'D)

4.5.4 Purchase of new machineries

We have earmarked approximately RM3.0 million from the gross proceeds of our Public Issue to purchase new machineries for our manufacturing of automotive covers as follows:

Description of machineries	Estimated no. of units	Total estimated cost (RM'000)
Sewing machines	75	1,400
Automated leather cutting machine	1	1,300
Patterning machine	1	300
Total		3,000

The sewing machines comprise of general sewing machines (which are used for sewing and stitching leather, synthetic leather and/or fabric pieces into complete automotive covers as well as sewing parts and/or accessories onto the automotive covers) and double line sewing machines (which are used for single or double line stitches on the surface of automotive covers) which are essential for our manufacturing of automotive covers. We intend to purchase up to 15 units of new double line sewing machines and 60 units of new general sewing machines, of which 15 units of general sewing machines will be placed at our new manufacturing facility in Klang Valley (as detailed in **Section 4.5.2** of this Prospectus) and the remaining 15 units of new double line sewing machines together with 45 units of new general sewing machines will replace the 15 units of old double line sewing machines and 45 units of old general sewing machines for manufacturing of automotive covers at our Tampoi Plant. As at the LPD, we have 36 units of double line sewing machines (4 units of which are used for our technical development and not for production of automotive covers) and 126 units of general sewing machines (4 units of which are used for our technical development and not for production of automotive covers) at our Tampoi Plant which have an average age of 13 years.

The utilisation rate of our sewing machines was 53.5% for the FYE 2023 and 49.2% as at the LPD. The new sewing machines are not expected to increase the manufacturing capacity of our manufacturing of automotive covers as the manufacturing capacity is largely determined by the capacity of the automated multi-layer cutting machineries, which are used to cut PVC and foam materials, as detailed in **Section 7.7** of this Prospectus. Nevertheless, the 60 new replacement sewing machines at our Tampoi Plant will reduce maintenance frequency and cost incurred by our existing old sewing machines (15 units of double line sewing machines and 45 units of general sewing machines with an average age of 17 years) and experiencing high maintenance frequency. Meanwhile, the 15 new general sewing machines placed at our new manufacturing facility in Klang Valley will enable us to also carry out sewing processes at the new premises, which would in turn improve our lead time and delivery schedule.

As at the LPD, we have 6 units of automated multi-layer cutting machineries and 3 units of automated leather cutting machineries at our Tampoi Plant to cut automotive cover materials with an average age of 10 years. The utilisation rates of our automated multi-layer cutting machineries and automated leather cutting machineries for the FYE 2023 was 70.6% and 65.3% respectively, while as at the LPD are 55.1% and 66.8%, respectively. We intend to purchase a new automated leather cutting machine to replace 1 of our existing automated leather cutting machine to improve the efficiency of material usage and to reduce maintenance frequency and cost incurred by our existing old automated leather cutting machine which was purchased in 2008 and experiencing high maintenance frequency. Whilst the new automated leather cutting machine will have higher capacity of approximately 1.47 million sq ft per annum as compared to the old automated leather cutting machine to be replaced which has capacity of approximately 0.86 million sq ft per annum, the new replacement automated leather cutting machine is not expected to increase the manufacturing capacity of our manufacturing of automotive covers as the manufacturing capacity is largely determined by the capacity of the automated multi-layer cutting machineries whereby the volume of automotive covers that can be produced is limited by the volume of automotive cover materials such as PVC or foam that can be, or has been, cut by the automated multi-layer cutting machineries in view that the automotive covers typically require more PVC as compared to leather.

4. DETAILS OF OUR IPO (CONT'D)

We currently have 2 patterning machines which are used for pattern sewing. The additional patterning machine will enable our Group to take on more orders for precise and symmetrical pattern sewing. However, the additional patterning machine is not expected to increase the manufacturing capacity of our manufacturing of automotive covers as the manufacturing capacity is largely determined by the capacity of the automated cutting machineries.

In the event the allocated proceeds are insufficient for the purchase of new machineries as detailed above, the shortfall will be funded from the amount allocated for our working capital, our internally-generated funds and/or bank borrowings.

4.5.5 Working capital

We have earmarked approximately RM52.2 million from the gross proceeds of our Public Issue for our working capital:

Details	(RM'000)
Purchase of materials and supplies	39,000
General working capital	13,175
Total	52,175

A total of approximately RM39.0 million out of the proceeds allocated for working capital will be used to finance purchase of materials and supplies for our automotive cover division and automotive seat division.

The materials and supplies used by us for our automotive cover division include automotive cover materials, interior parts and parts, accessories and other supplies such as zippers, plastic strips and hooks.

The materials and supplies used by us for our automotive seat division include padding, seatbelts, buckles, electrical parts, frames, side airbags and automotive covers.

Please refer to **Section 7.8** of this Prospectus for the list of major materials and supplies utilised by our Group. The allocation of the purchase of each category of materials and supplies cannot be determined at this juncture. We have budgeted the materials and supplies purchase with reference to the average historical cost of materials and supplies purchase during the FYE 2023 that we require for our manufacturing of automotive covers and automotive seats, with the expected growth in our business.

Our Group plans to utilise the balance RM13.2 million working capital for our day-to-day operations, which include, among others, defrayment of administrative expenses such as staff cost, and selling and marketing expenses.

Our Group's working capital requirement is expected to increase in tandem with its production activities in line with the growth of our Group's businesses. Therefore, while our Group continues to generate positive cash inflows from its operations, the allocated proceeds from our IPO for our Group's working capital provide flexibility to our Group in managing its cashflows to support the expected growth in our scale of operations or businesses while reducing our reliance on bank borrowings.

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4. DETAILS OF OUR IPO (CONT'D)

4.5.6 Estimated listing expenses

We have earmarked approximately RM8.0 million from the gross proceeds of our Public Issue to defray the listing expenses of our IPO as follows:

Details	Estimated amount (RM'000)	%
Professional fees	3,123	39.1
Brokerage fees, underwriting commission and placement fees	3,060	38.2
Fees payable to authorities	543	6.8
Other fees and expenses such as printing, advertising and translation	563	7.0
Miscellaneous expenses and contingencies	711	8.9
Total	8,000	100.0

If the actual fees and expenses for our IPO and Listing are higher than budgeted, the shortfall will be funded out of the amount allocated for our working capital requirements. On the other hand, if the actual fees and expenses are lower than budgeted, the difference will be used to fund our working capital requirements.

Pending the receipt of the IPO proceeds, we may utilise our internally-generated funds for the listing expenses. When the IPO proceeds which have been allocated for the listing expenses are received, we will use the IPO proceeds allocated to replenish our working capital.

Any variations from the amounts budgeted above, save for the amount earmarked for working capital in **Section 4.5.5** of this Prospectus, shall be adjusted towards or against, as the case may be, the proceeds allocated for our working capital requirements. Any further shortfall will be funded via our internally-generated funds and/or bank borrowings. Where applicable and required under Paragraph 8.22 of the Listing Requirements, we will seek shareholders' approval for any material variation to the intended utilisation of proceeds.

We will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of up to approximately RM87.7 million will accrue entirely to our Selling Shareholders. Our Selling Shareholders will bear their own expenses such as placement fee in respect of the Offer for Sale.

4.6 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.6.1 Brokerage fee

We will pay the brokerage fee in respect of our 67,456,000 Issue Shares made available for application by the Malaysian Public and our Eligible Persons, at the rate of 1.0% (exclusive of applicable tax) of the IPO 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.

Our Joint Placement Agents are entitled to charge brokerage fee of up to 1.0% to the Selected Investors as set out in **Section 4.2.1(iii)** and **Section 4.2.2(ii)** of this Prospectus. For the avoidance of doubt, such brokerage fee will be paid by such Selected Investors and will not be borne by us nor the Selling Shareholders.

4. DETAILS OF OUR IPO (CONT'D)

4.6.2 Underwriting commission

We have entered into the Underwriting Agreement with the Managing Underwriter and Joint Underwriters for the underwriting of 67,456,000 Issue Shares made available for application by the Malaysian Public and our Eligible Persons (“**Underwritten Shares**”).

We will pay a managing underwriting commission of 0.5% and an underwriting commission of 1.5% (exclusive of applicable tax) of the value of Underwritten Shares based on the IPO Price to our Managing Underwriter and Joint Underwriters.

4.6.3 Placement fee

The Selling Shareholders and us will pay the Joint Placement Agents a placement fee at the rate of 2.0% (exclusive of applicable tax) of the total value of IPO Shares successfully placed out by our Joint Placement Agents to the Selected Investors and Bumiputera investors approved by MITI based on the IPO Price.

The placement fees to be incurred on the Offer for Sale will be fully borne by the Selling Shareholders.

4.7 DETAILS OF THE UNDERWRITING AGREEMENT

We have on 18 April 2024 entered into the Underwriting Agreement with the Managing Underwriter and Joint Underwriters to underwrite the Underwritten Shares subject to the clawback and reallocation provisions as set out in **Section 4.2.4** of this Prospectus and the terms and conditions as set out in the Underwriting Agreement.

The following are the salient terms of the Underwriting Agreement are set out below:

4.7.1 Conditions precedent

- (a) The obligations of the Joint Underwriters to underwrite the Underwritten Shares under the Underwriting Agreement are conditional upon:
- (i) the Underwriting Agreement having been duly executed by all the parties to the Underwriting Agreement and duly stamped;
 - (ii) there having been on or prior to the closing date of our IPO, no occurrence of any event that is likely to result in any material adverse change in the condition (financial or otherwise) of our Company or our Subsidiaries, which is material in the context of our Public Issue from that set forth in this Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the reasonable opinion of the Managing Underwriter and the Joint Underwriters, which makes any of the representations and warranties contained in the Underwriting Agreement untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in the Underwriting Agreement;
 - (iii) the delivery to the Managing Underwriter and the Joint Underwriters:
 - (aa) prior to the date of the registration of this Prospectus, a copy certified as a true copy by an authorised officer of our Company of all the resolutions of the Directors and the shareholders in general meeting (if required) approving the Underwriting Agreement, this Prospectus, our Public Issue and authorising the execution of the Underwriting Agreement and the issuance of this Prospectus; and

4. DETAILS OF OUR IPO (*CONT'D*)

- (bb) a certificate, in the form or substantially in the form contained in the Underwriting Agreement, dated the date of this Prospectus signed by duly authorised officers of our Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in **Section 4.7.1(a)(ii)** of this Prospectus;
- (iv) this Prospectus being in the form and substance satisfactory to the Managing Underwriter and the Joint Underwriters;
- (v) the delivery to the Managing Underwriter and the Joint Underwriters on the closing date of our IPO of such reports and confirmations dated the closing date of our IPO from our Directors as the Managing Underwriter and the Joint Underwriters may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group;
- (vi) the Managing Underwriter and the Joint Underwriters having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;
- (vii) our Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- (viii) there is no investigation, directions or actions by any judicial, governmental or regulatory authority in relation to our Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of the Managing Underwriter and the Joint Underwriters;
- (ix) our Company having complied and that our Public Issue is in compliance with the policies, guidelines and requirements of Bursa Securities, the SC and/or any other relevant authorities and all revisions, amendments and/or supplements thereto;
- (x) our Company having fully complied with all the conditions which are required to be complied with prior to the issuance of this Prospectus or the closing date of our IPO imposed by the SC and/or any other relevant authorities in respect of our Public Issue and our Listing;
- (xi) the acceptance for registration by the SC of this Prospectus and such other documents as may be required in accordance with the CMSA in relation to our Public Issue and the lodgement of this Prospectus with the CCM on or before its release under our Public Issue;
- (xii) Bursa Securities has agreed and approved in principle on or prior to the closing date of our IPO to the admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of our Company on the Main Market of Bursa Securities where the SC having approved this Prospectus and if such approvals shall be conditional, all conditions thereto being in terms acceptable to the Managing Underwriter and the Joint Underwriters on or prior to the closing date of our IPO being reasonably satisfied and such approval not being withdrawn, revoked, suspended, terminated or lapsed and that such listing and quotation shall be granted after the submission to the SC and Bursa Securities of the relevant documents including the receipt of confirmation from the Bursa Depository confirming that the Securities Accounts of all successful applicants have been duly credited and the Issuing House has confirmed that the notices of allotment have been despatched to entitled holders;

4. DETAILS OF OUR IPO (CONT'D)

- (xiii) this Prospectus having been issued within 2 months from the date of the Underwriting Agreement or within such extended period as may be determined by our Company, the Managing Underwriter and the Joint Underwriters from time to time in writing;
 - (xiv) the issue of our Issue Shares having been approved by the SC and any other relevant authorities and the shareholders of our Company in a general meeting and such authorisation has not been withdrawn, revoked, suspended, terminated or lapsed; and
 - (xv) all necessary approvals and authorisations required in relation to the Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect.
- (b) If any of the conditions set out in **Section 4.7.1(a)** of this Prospectus is not satisfied by the closing date of our IPO, the Managing Underwriter and the Joint Underwriters shall be entitled to terminate the Underwriting Agreement and in that event, except for the liability of our Company for the payment of costs and expenses as provided in the Underwriting Agreement incurred prior to the termination and any claims pursuant to the Underwriting Agreement, there shall be no further claims by the Managing Underwriter and the Joint Underwriters against our Company, and the Parties shall be released and discharged from their respective obligations under the Underwriting Agreement PROVIDED THAT the Managing Underwriter and the Joint Underwriters may at their discretion with respect to their obligations waive compliance with any of the provisions of **Section 4.7.1(a)** of this Prospectus.

4.7.2 Termination of the Underwriting Agreement

- (a) Notwithstanding anything contained in the Underwriting Agreement, the Managing Underwriter and the Joint Underwriters may by notice in writing to our Company given at any time before the closing date of our IPO, terminate, cancel or withdraw their commitment to underwrite the Underwritten Shares if:
- (i) there is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Managing Underwriter and the Joint Underwriters within such number of days as stipulated by the Managing Underwriter and the Joint Underwriters in writing to our Company or as stipulated in the notice informing our Company of such breach or by the closing date of our IPO, whichever is earlier; or
 - (ii) there is withholding of information which is required to be disclosed to the Managing Underwriter and the Joint Underwriters pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated by the Managing Underwriter and the Joint Underwriters in writing to our Company or as stipulated in the notice informing our Company of such breach which, in the opinion of the Managing Underwriter and the Joint Underwriters, would have or can reasonably be expected to have a material adverse effect on the business or operations of our Group, the success of our Public Issue, or the distribution or sale of the Issue Shares; or
 - (iii) there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of our Company or our Group; or
 - (iv) there shall have occurred, happened or come into effect any of the following circumstances:

4. DETAILS OF OUR IPO (CONT'D)

- (aa) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
- (bb) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Managing Underwriter and the Joint Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which, in the reasonable opinion of the Managing Underwriter and the Joint Underwriters, would have or can reasonably be expected to have a material adverse effect on and/or materially prejudice the business or the operations of our Company or our Group, the success of our Public Issue or the distribution or sale of the Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

- (v) any approvals, orders, consents, authorisations, registrations and/or permissions required in relation to the IPO is revoked, suspended, withdrawn or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have or is reasonably likely to have a material adverse effect; or
- (vi) the Listing does not take place within three (3) months from the date of the Underwriting Agreement or such other extended date as may be agreed by our Company, the Managing Underwriter and the Joint Underwriters; or
- (vii) any commencement of legal proceedings or action against any member of our Group or any of their directors, which in the opinion of the Managing Underwriter and the Joint Underwriters, would have or is reasonably likely to have a material adverse effect or make it impracticable to market the IPO or to enforce contracts to allot and/or transfer our Shares; or
- (viii) any material statements contained in this Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect; or
- (ix) the imposition of any moratorium, suspension or material restriction on trading in securities generally on Main Market of Bursa Securities due to exceptional financial circumstances which, in the reasonable opinion of the Managing Underwriter and the Joint Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the IPO, or the distribution or sale of the Issue Shares; or
- (x) there is failure on the part of our Company to perform any of its obligations in the Underwriting Agreement which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Managing Underwriter and the Joint Underwriters within such number of days as stipulated by the Managing Underwriter and the Joint Underwriters in writing to our Company or as stipulated in the notice informing our Company of such breach or by the closing date of our IPO, whichever is earlier.

4. DETAILS OF OUR IPO (CONT'D)

- (b) In the event of termination pursuant to **Section 4.7.2(a)** of this Prospectus, the respective parties to the Underwriting Agreement shall, save and except for any antecedent breach, be released and discharged from their obligations under the Underwriting Agreement and the Underwriting Agreement shall be of no further force or effect subject to the following:
- (i) the liability of our Company for the payment of costs and expenses as provided in the Underwriting Agreement incurred prior to or in connection with such termination shall remain;
 - (ii) the liability of our Company for the payment of the Underwriting Commission as provided in the Underwriting Agreement shall remain; and
 - (iii) subject thereto, our Company shall return any monies paid without interest to the Joint Underwriters within 3 Market Days of the receipt of such notice of termination from the Managing Underwriter and the Joint Underwriters,

provided that the Managing Underwriter and the Joint Underwriters may at their discretion waive compliance with or modify any of the provisions of the Underwriting Agreement without prejudice to their powers, rights and remedies under the Underwriting Agreement.

- (c) In the event that the Underwriting Agreement is terminated pursuant to **Section 4.7.2(a)(iv)** of this Prospectus, our Company, the Managing Underwriter and the Joint Underwriters may confer with a view to defer our Public Issue by amending its terms or the terms of the Underwriting Agreement and may enter into a supplemental underwriting agreement accordingly, but neither the Managing Underwriter and the Joint Underwriters nor our Company shall be under any obligation to enter into a new or fresh agreement.

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4. DETAILS OF OUR IPO (CONT'D)

4.8 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 the subscribers or purchasers of the 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 CDS 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 as determined by Bursa Depository from time to time, after consultation with the SC.

Trading for 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 second Market Day following the transaction date, and the payment for the securities is generally settled on the second 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 Application. Subscribers or purchasers 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.

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

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

Our Promoters' and substantial shareholders' shareholdings in our Company before and after our IPO are as follows:

Name	Nationality	After the Pre-IPO Restructuring Exercise but before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Tan Sun Sun	Malaysian	349,937,600	50.0	-	-	295,129,600	35.0	-	-
Go Yoong Chang	Malaysian	279,950,000	40.0	-	-	225,142,000	26.7	-	-
Connie Go	Malaysian	69,987,600	10.0	-	-	70,287,600 ⁽³⁾	8.3	-	-

Notes:

- (1) Based on our total number of 699,875,200 Shares after the completion of the Pre-IPO Restructuring Exercise but before our IPO.
- (2) Based on our enlarged number of 843,200,000 Shares after our IPO.
- (3) Assuming all the 300,000 Issue Shares allocated to Connie Go under the Pink Form Allocation are fully subscribed.

The Shares held by our Promoters and substantial shareholders do not have and will not have different voting rights from the other shareholders of our Company. Save as disclosed above, there are no other persons who are 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 our Promoters and substantial shareholders with any third party, which may result in a change in control of our Company at a date subsequent to our IPO and our Listing.

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

5.1.2 Profiles of Promoters and substantial shareholders

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

(i) Connie Go

Promoter, substantial shareholder, Non-Independent Executive Director and Chief Executive Officer

Connie Go, a Malaysian female aged 49, is our Promoter, substantial shareholder, Non-Independent Executive Director and Chief Executive Officer. She was appointed to our Board on 14 August 2023. She is presently the Chief Executive Officer of Gosford Malaysia, where she is responsible for our Group's strategic planning and overall business operations. She is also a Director of Gosford Malaysia, Trimex Malaysia, Feytech SB, Gosford Singapore and Trimex Australia.

She completed her Unified Examination Certificate for Independent Chinese Secondary Schools in Malaysia at Chinese High School Batu Pahat in 1992.

She began her career as a cabin crew member with Malaysian Airline System Berhad in January 1993. She left Malaysian Airline System Berhad in September 1995 to join Singapore Airlines Limited as a cabin crew member. In July 2001, she was promoted to Leading Stewardess in Singapore Airlines Limited. She resigned from Singapore Airlines Limited in September 2008. During her tenure in Malaysian Airline System Berhad and Singapore Airlines Limited as a cabin crew member and Leading Stewardess, she was responsible for the safety, comfort and welfare of passengers travelling on aircraft.

While she was Leading Stewardess with Singapore Airlines Limited, she saw the opportunity to expand Gosford Malaysia's business into Singapore. She thus co-founded Gosford Singapore in Singapore in September 2007 with her late brother, Go Yoong Fei, and was appointed as Director where she was in charge of overseeing the sale and marketing of automotive covers in Singapore.

In November 2018, she joined Gosford Malaysia when she was identified as a successor to her late brother, Go Yoong Fei, who was then the Director of Gosford Malaysia. She first took on the role of Head of Marketing REM and Export in November 2018, where she was in charge of the sales and marketing activities of automotive covers in international markets, including New Zealand, Australia, United States and Netherlands. She was re-designated as acting Chief Executive Officer since March 2019, and her role expanded to encompass overseeing the overall activities of Gosford Malaysia, Trimex Australia, Gosford Singapore and Feytech SB. She was appointed as Chief Executive Officer of Gosford Malaysia in April 2019. Under her leadership, our Group set up its present Tampoi Plant in Johor and ventured into the automotive seat division under Feytech SB.

In 2022, she was awarded with the 2022/2023 Achievements and Leadership of Women in Business Award by Aspiring Women Entrepreneurs.

Save for Tan Sun Sun (her sister-in-law) and Go Yoong Chang (her brother), she does not have any family relationship with our other Directors and/or substantial shareholders.

Connie Go's other principal directorships and involvement in other corporations are disclosed in **Section 5.2.3(ii)** of this Prospectus. As at the LPD, she does not sit on any board of directors of any listed companies or other private companies.

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

(ii) **Go Yoong Chang**

Promoter, substantial shareholder and Non-Independent Executive Director

Go Yoong Chang, a Malaysian male aged 44, is our Promoter, substantial shareholder and Non-Independent Executive Director. He was appointed to our Board on 27 September 2023. He is also a Director of Gosford Malaysia and Business Development Director in Feytech SB, where he is responsible for business development of our Group's OEM market segment, as well as a Director of Trimex Malaysia.

In 2003, he graduated with a Bachelor of Mechanical Engineering from Universiti Tenaga Nasional.

In May 2002, he joined Price Solutions Sdn Bhd, a wholly-owned subsidiary of Standard Chartered Holdings (Asia Pacific) BV, as Loan Officer where he was responsible for credit analysis on the bank's loan portfolio.

He left Price Solutions Sdn Bhd and co-founded E Tel Teleshop Centre (a partnership) in August 2003 where he was responsible for the selling and marketing of telecommunication products. He discontinued his partnership in E Tel Teleshop Centre when the registration of a business for partnership expired in November 2009. In March 2007, he was appointed as Director of ACE Marketing & Distribution Sdn Bhd, which was involved in the sale and marketing of telecommunication products at the time.

In November 2009, he co-founded Go Capital which was dormant until 2011. When Go Capital commenced its business in gold bullion trading in October 2011, he was appointed as Finance Manager and he spearheaded the business expansion. In December 2011, he was designated as the Chief Executive Officer of Go Capital. In January 2015, he co-founded ACE Global Metal Sdn Bhd, a wholly-owned subsidiary of Go Innovate, which is involved in the business of developing information technology. In May 2016, he co-founded and was appointed as a Director of ACE Reload Sdn Bhd, which is currently involved in the trading of telecommunication products. He subsequently co-founded Go Assay Sdn Bhd (formerly known as ACE Assay (M) Sdn Bhd) in April 2017, a wholly-owned subsidiary of Go Innovate, which is principally involved in technical testing and analysis as well as assaying and refining of precious metals.

Subsequently in March 2019, he was appointed as Director and Chief Executive Officer of Go Innovate, an investment holding company, and was responsible for overall strategic business planning. He was subsequently redesignated to Executive Chairman on March 2020 and thereafter he assumes his present position as Non-Independent Non-Executive Chairman in March 2023. He was redesignated to Non-Independent Non-Executive Chairman as he is deemed a major shareholder of Go Innovate through his direct shareholding and indirect shareholding via ACE Dynamic Team Sdn Bhd in Go Innovate. As at the LPD, he directly holds 1.0% and ACE Dynamic Team Sdn Bhd holds 87.0% of shares in Go Innovate.

In May 2018, he was appointed as a Business Development Officer of Gosford Malaysia and was made a Director of Gosford Malaysia in January 2019. In March 2019, he was also appointed as a Director in Trimex Malaysia, where he was tasked to oversee the Finance and Business Development departments of these 2 companies with the assistance of a Finance Manager and 2 Business Development General Managers. Since March 2023, he ceased his role of overseeing the Finance department of Gosford Malaysia and Trimex Malaysia after the appointment of our Group's Chief Financial Officer in the same month.

In March 2023, he was appointed as Business Development Director in Feytech SB.

Save for Connie Go (his sister) and Tan Sun Sun (his sister-in-law), he does not have any family relationship with our other Directors and/or substantial shareholders.

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

Go Yoong Chang's other principal directorships and involvement in other corporations are disclosed in **Section 5.2.3(iii)** of this Prospectus. As at the LPD, save for being the Non-Independent Non-Executive Chairman of Go Innovate, he does not sit on any board of directors of any listed companies.

(iii) Tan Sun Sun

Promoter, substantial shareholder and Non-Independent Executive Director

Tan Sun Sun, a Malaysian female aged 47, is our Promoter, substantial shareholder and Non-Independent Executive Director. She was appointed to our Board on 28 August 2023. She is presently also a Director of Trimex Malaysia where she is responsible for overseeing the Sales and Marketing department for the REM and PDI market segments in Malaysia.

She graduated from London Chamber of Commerce and Industry with a Diploma in Accounting in 2005.

In October 2004, she joined Mortgage Software Sdn Bhd as a Personal Assistant where she was responsible for performing secretarial work and provide senior-level staff members with day-to-day administrative support. She left Mortgage Software Sdn Bhd in June 2005.

In July 2005, she joined Gosford Leather Upholstering Sdn Bhd, a company which was involved in the sale of automotive covers, as an Administrative Executive where she was responsible for the company's administrative matters. Gosford Leather Upholstering Sdn Bhd was subsequently dissolved in November 2019.

In November 2009, she left Gosford Leather Upholstering Sdn Bhd to join Trimex Malaysia as Administrative Executive where she was responsible for the company's administrative matters. She was promoted to Administrative Manager in November 2014 where she was in charge of the company's administration department. In March 2018, she was transferred to Gosford Malaysia as Personal Assistant to Director to support and assist her late husband, Go Yoong Fei.

In April 2019, she was designated as a Personal Assistant to the present Chief Executive Officer, Connie Go, a position she held until March 2023.

In August 2018, she was appointed as Director of Trimex Malaysia and assumed her present role.

Save for Connie Go (her sister-in-law) and Go Yoong Chang (her brother-in-law), she does not have any family relationship with our other Directors and/or substantial shareholders.

Tan Sun Sun's other principal directorships and involvement in other corporations are disclosed in **Section 5.2.3(iv)** of this Prospectus. As at the LPD, she does not sit on any board of directors of any listed companies.

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

5.1.3 Changes in the shareholdings of our Promoters and substantial shareholders in our Company since incorporation

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since our incorporation up to and after our IPO are as follows:

Name	As at 11 April 2023 (Date of incorporation)			(I) After the Acquisitions			(II) After (I) and the Share Split				
	Direct		Indirect	Direct		Indirect	Direct		Indirect		
	No. of Shares	%	No. of Shares	%	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	
<u>Promoters and substantial shareholders</u>											
Tan Sun Sun	-	-	-	-	43,742,200	50.0	-	-	349,937,600	50.0	-
Go Yoong Chang	-	-	-	-	34,993,750	40.0	-	-	279,950,000	40.0	-
Connie Go	-	-	-	-	8,748,450	10.0	-	-	69,987,600	10.0	-
<u>Substantial shareholders</u>											
Koh Song Ho ⁽⁴⁾	1	100.0	-	-	-	-	-	-	-	-	-

Name	(III) After (II) and our IPO			
	Direct		Indirect	
	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾
<u>Promoters and substantial shareholders</u>				
Tan Sun Sun	295,129,600	35.0	-	-
Go Yoong Chang	225,142,000	26.7	-	-
Connie Go	70,287,600 ⁽⁵⁾	8.3	-	-
<u>Substantial shareholders</u>				
Koh Song Ho ⁽⁴⁾	-	-	-	-

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

Notes:

- (1) Based on our total number of 87,484,400 Shares after the Acquisitions.
- (2) Based on our total number of 699,875,200 Shares after the Share Split.
- (3) Based on our enlarged number of 843,200,000 Shares after our IPO.
- (4) Koh Song Ho, being the holder of our subscriber's Share, is not related to any of our Promoters and substantial shareholders. He has resigned as our Director on 6 September 2023 and transferred his 1 Share to Connie Go on 19 September 2023. For the avoidance of doubt, upon completion of the said transfer of his 1 Share to Connie Go, Koh Song Ho does not have any role in our Company and/or our Group.
- (5) Assuming all the 300,000 Issue Shares allocated to Connie Go under the Pink Form Allocation are fully subscribed.

5.1.4 Amounts or benefits paid or intended to be paid or given to our Promoters and substantial shareholders

Save for the issuance of our Shares as consideration for the Acquisitions, the dividends paid and to be paid between the date of this Prospectus up to the Listing by our subsidiaries as disclosed in **Section 12.13** of this Prospectus, and the aggregate remuneration and material benefits in-kind paid or proposed to be paid for services rendered in all capacities to our Group as set out in **Section 5.2.4** of this Prospectus, there are no other amounts or benefits paid, intended to be paid or given to our Promoters and substantial shareholders within the two (2) years preceding the date of this Prospectus.

5.2 DIRECTORS

5.2.1 Directors' shareholdings

The direct and indirect shareholdings of our Directors in our Company before and after our IPO are as follows:

Directors	Designation	After the Pre-IPO Restructuring Exercise but before our IPO		After our IPO	
		Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
Dato' Mazlan bin Mohamad	Independent Non-Executive Chairman	-	-	300,000 ⁽³⁾	-
		-	-		Neg

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

Directors	Designation	After the Pre-IPO Restructuring Exercise but before our IPO			After our IPO		
		Direct	Indirect	Indirect	Direct	Indirect	No. of Shares
		No. of Shares	No. of Shares		No. of Shares		
		% ⁽¹⁾	% ⁽¹⁾	% ⁽²⁾	% ⁽²⁾	% ⁽²⁾	
Connie Go	Non-Independent Executive Director and Chief Executive Officer	69,987,600	10.0	-	-	70,287,600 ⁽³⁾	8.3
Go Yoong Chang	Non-Independent Executive Director	279,950,000	40.0	-	-	225,142,000	26.7
Tan Sun Sun	Non-Independent Executive Director	349,937,600	50.0	-	-	295,129,600	35.0
Leou Thiam Lai	Independent Non-Executive Director	-	-	-	-	300,000 ⁽³⁾	Neg
Dato' Tan Yee Boon	Independent Non-Executive Director	-	-	-	-	300,000 ⁽³⁾	Neg
Lee Wan Ning	Independent Non-Executive Director	-	-	-	-	300,000 ⁽³⁾	Neg

Notes:

Neg Negligible, being less than 0.1%.

(1) Based on our total number of 699,875,200 Shares after the Pre-IPO Restructuring Exercise but before our IPO.

(2) Based on our enlarged number of 843,200,000 Shares after our IPO.

(3) Assuming he/she fully subscribes to his/her entitlement under the Pink Form Allocation.

None of our Directors represents any corporate shareholder on our Board.

For details on the association of family relationships between our Promoters, substantial shareholders, Directors and Key Senior Management, please refer to **Section 5.6** of this Prospectus.

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

5.2.2 Profiles of Directors

The profiles of our Directors are set out below:

(i) Dato' Mazlan bin Mohamad
Independent Non-Executive Chairman

Dato' Mazlan bin Mohamad, a Malaysian male aged 59, is our Independent Non-Executive Chairman. He was appointed to our Board on 28 August 2023.

He graduated with a Degree in Accounting from Universiti Utara Malaysia in 1988. In 1995, he was certified as a Member of the MIA.

Upon graduation, he held a position as a platoon commander REJ 105 AW in the Ministry of Defence Malaysia from August 1988 to February 1989. He began his career as a Senior Investigation Officer of the Anti-Corruption Agency (now known as the Malaysian Anti-Corruption Commission) in February 1989 where he was involved in the investigation and prosecution of white-collar crime. He then left the Anti-Corruption Agency in January 1994.

In January 1994, he joined the Penang Port Commission of the Ministry of Transport Malaysia as an Administrative Officer and was then promoted to Senior Manager of Finance and Administration in January 1998, where he was responsible for overseeing and managing port tariff, the operation of cruise ship and ferry as well as the statistics of container and cargo. He retired early from the Penang Port Commission of the Ministry of Transport Malaysia in March 2013.

In June 2014, he was appointed as the Executive Director of Harvest Court Industrial Berhad (now known as Anzo Holdings Berhad) where he was responsible for overseeing the operations of the company and its subsidiaries until November 2017.

As at the LPD, he does not sit on any board of directors of any listed companies. Presently, he sits on the board of directors of several private companies in Malaysia where he has an active role, among others, Kawalan Keselamatan Ikhlas Sdn Bhd, Pinnacle Homes Management Services Sdn Bhd and Meditours Sdn Bhd where he is responsible for overseeing, managing and handling the operations of these companies.

Alongside his career, he was appointed as the President of Association of Former Officers of the Malaysian Anti-Corruption Commission since 2021 and he is also a Commanding Officer for Joint Reserve Army at REJ 509 Askar Wataniah with rank Lieutenant Colonel since 2009, positions that he holds until present.

Dato' Mazlan bin Mohamad does not have any family relationship with any of our Directors and/or substantial shareholders.

Dato' Mazlan bin Mohamad's other principal directorships and involvement in other corporations are disclosed in **Section 5.2.3(i)** of this Prospectus.

(ii) Connie Go
Promoter, substantial shareholder, Non-Independent Executive Director and Chief Executive Officer

The profile of Connie Go as our Non-Independent Executive Director and Chief Executive Officer, who is also our Promoter and substantial shareholder, is set out in **Section 5.1.2(i)** of this Prospectus.

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

(iii) Go Yoong Chang

Promoter, substantial shareholder and Non-Independent Executive Director

The profile of Go Yoong Chang as our Non-Independent Executive Director, who is also our Promoter and substantial shareholder, is set out in **Section 5.1.2(ii)** of this Prospectus.

(iv) Tan Sun Sun

Promoter, substantial shareholder and Non-Independent Executive Director

The profile of Tan Sun Sun as our Non-Independent Executive Director, who is also our Promoter and substantial shareholder, is set out in **Section 5.1.2(iii)** of this Prospectus.

(v) Leou Thiam Lai

Independent Non-Executive Director

Leou Thiam Lai, a Malaysian male aged 67, is our Independent Non-Executive Director. He was appointed to our Board on 28 August 2023.

He graduated from Tunku Abdul Rahman College with a Diploma in Commerce (Financial Accounting) in 1980. He became an Associate Member of the Association of Certified Accountants (now known as the Association of Chartered Certified Accountants ("ACCA")) in 1983 and the Malaysian Institute of Taxation (now known as the Chartered Tax Institute of Malaysia ("CTIM")) in 1988. He was subsequently made a Fellow Member of the ACCA in 1988 and the CTIM in 2006. He is also a Member of the MIA since 1984.

Upon graduation, he began his career with Aljefri, Siva, Heng and Monteiro (now known as Baker Tilly Monteiro Heng PLT) as an Audit Assistant in June 1980 where he was responsible for performing audit work. In September 1981, he left Aljefri, Siva, Heng and Monteiro to join Baharom Hamdan (now known as Grant Thornton Malaysia PLT) as Audit Senior where he was responsible for conducting audit work until his resignation in June 1984.

In July 1984, he joined Paper Product Berhad (now known as Insas Berhad) for a period of 2 years and then joined Kotak Kajang Industries Sdn Bhd in June 1986, both as Accountant in which he was responsible for handling financial related matters such as day-to-day financial operations.

In August 1988, he left Kotak Kajang Industries Sdn Bhd and founded Leou & Associates, a firm that offers auditing and tax consultancy services. He then founded Leou Associates PLT, a firm that offers auditing and tax consultancy services in 2014 and assumed his role as the Managing Partner where he is responsible for managing and overseeing the entire operations of the firm.

Currently, he is an Independent Non-Executive Director of Yong Tai Berhad (since July 2023) and BTM Resources Berhad (since August 2023), both companies are listed on the Main Market of Bursa Securities.

As at the LPD, he also sits on the board of directors of several private companies in Malaysia.

Leou Thiam Lai does not have any family relationship with any of our Directors and/or substantial shareholders.

Leou Thiam Lai's other principal directorships and involvement in other corporations are disclosed in **Section 5.2.3(v)** of this Prospectus.

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

(vi) Dato' Tan Yee Boon
Independent Non-Executive Director

Dato' Tan Yee Boon, a Malaysian male aged 48, is our Independent Non-Executive Director. He was appointed to our Board on 28 August 2023.

He graduated from the University of Glamorgan (now known as the University of South Wales), United Kingdom, with a Bachelor of Laws in 1997. In 1998, he obtained his Certificate of Legal Practice from the Legal Profession Qualifying Board of Malaysia. He was admitted as an Advocate and Solicitor in the High Court of Malaya and has been a member of the Bar Council Malaysia since 1999.

He began his legal practice by joining Ranjit Ooi and Robert Low (now known as Robert Low & Ooi) as a Legal Assistant in September 1999 until July 2000. He subsequently joined Khaw & Partners as a Legal Assistant in August 2000, and was made a Partner of the firm in January 2011. During his tenure in the said firm, he was involved in handling civil litigation cases. He left Khaw & Partners in April 2013.

In May 2013, he joined David Lai & Tan as a partner, where he is currently heading the Corporate Department of the firm. To date, he has accumulated approximately 24 years of experiences in contentious proceedings such as shareholders disputes, minority oppression suits, contractual disputes, securities laws and other related companies and commercial litigation matters as well as non-contentious matters including initial public offering, transactions involving public listed companies, mergers and acquisitions and matters relating to listing rules and the takeover code. His practice also involves compliance and advisory work for listed companies in Malaysia as well as general commercial work such as corporate restructuring and cross-border matters in particular foreign investment.

As at the LPD, he sits on the board of directors of public listed and private companies in Malaysia and Hong Kong, including EV Dynamics (Holdings) Limited (formerly known as China Dynamics (Holdings) Limited) (since 2016) and TIL Enviro Limited (since 2018) as an Independent Non-Executive Director, both of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

He is an Independent Non-Executive Director of Protasco Berhad (since 2013), and the Deputy Chairman and an Independent Non-Executive Director of Propel Global Berhad (since 2023⁽¹⁾, which has taken over the listing status of Daya Materials Berhad on 28 April 2022 in which Dato' Tan remains as a director), both companies are listed on the Main Market of Bursa Securities. He is also an Independent Non-Executive Chairman of Ecoscience International Berhad (since 2021), which is listed on the ACE Market of Bursa Securities.

As at the LPD, he also sits on the board of directors of several private companies in Malaysia.

Dato' Tan Yee Boon does not have any family relationship with any of our Directors and/or substantial shareholders.

Dato' Tan Yee Boon's other principal directorships and involvement in other corporations are disclosed in **Section 5.2.3(vi)** of this Prospectus.

Note:

- (1) He was appointed as the Acting Chairman and Independent Non-Executive Director on 8 April 2022 and redesignated as the Deputy Chairman and Independent Non-Executive Director on 22 September 2023.

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

(vii) Lee Wan Ning
Independent Non-Executive Director

Lee Wan Ning, a Malaysian female aged 41, is our Independent Non-Executive Director. She was appointed to the Board on 28 August 2023.

She graduated with a Bachelor of Laws from Cardiff University, the United Kingdom in 2005. In 2008, she obtained her Certificate in Legal Practice from Advance Tertiary College and she has been admitted as an Advocate and Solicitor in the High Court of Malaya and has been a member of the Bar Council Malaysia since 2009. She has over 13 years of experience spans across the legal aspects of commercial, banking and conveyancing.

Upon graduation, she joined Messrs Gideon Tan Razali Zaini in November 2008 as chambering student where she underwent her pupillage until November 2009. She then continued on with her legal practice as Legal Associate in January 2010 where she was involved in handling litigation matters. She resigned from Messrs Gideon Tan Razali Zaini in January 2011.

In February 2011, she joined Messrs Martin Cheah & Associates as Legal Associate where she was involved in handling conveyancing matters for a short period of time. In March 2011, she left Messrs Martin Cheah & Associates to join Messrs Abdullah Chan as a Legal Associate where she was involved in handling corporate and conveyancing transactions.

In June 2012, she left Messrs Abdullah Chan and co-founded a law firm named Alan Tan & Lee. Being the co-founder and co-Managing Partner of the firm, she manages the firm including overseeing and handling legal transactions relating to commercial, banking and conveyancing.

As at the LPD, she does not sit on any board of directors of any listed companies. She, however, sits on the board of directors of private companies in Malaysia.

Lee Wan Ning does not have any family relationship with any of our Directors and/or substantial shareholders.

Lee Wan Ning's other principal directorships and involvement in other corporations are disclosed in **Section 5.2.3(vii)** of this Prospectus.

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

5.2.3 Our Directors' principal directorships or principal business activities outside our Group

Save as disclosed below, none of our Directors has any principal directorships and principal business activities performed outside our Group as at the LPD and none of our Directors has any principal directorships outside our Group in the past 5 years up to the LPD:

(i) Dato' Mazlan bin Mohamad

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Present involvement						
COA Consultancy & Advisory Sdn Bhd	Business management consultancy services	Director/ Shareholder	6 November 2020	-	100.0	-
Kawalan Keselamatan Ikhlas Sdn Bhd	Security systems service activities, information communication technology (ICT) systems security, and general cleaning of buildings	Director/ Shareholder	30 October 2020	-	70.0	-
Meditours Sdn Bhd	To carry on the business of importing, exporting, buying and selling hospital equipment, medicine, drugs and pharmaceutical/ hospital equipment, medical materials, hospital equipment and laboratory equipment; providing cleaning services and cleaning treatment of office buildings and cleaning contractors; providing all kinds of services relating to information communication technology (ICT) including the import, export, supply assemble, manufacture, sale and purchase of computer hardware and software and etc	Director/ Shareholder	17 April 2015	-	50.0	-
Pinnacle Homes Management Services Sdn Bhd	Human resource affairs; cleaning of buildings of all types; operation of parking facilities for motor vehicles (parking lots)	Director/ Shareholder	8 September 2017	-	66.7	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Sanjung Subur Sdn Bhd	Dormant ⁽¹⁾	Director	30 August 2013	-	-	-
<u>Past directorship</u>						
Kanger International Berhad ⁽²⁾	Investment holding. The principal activities of its subsidiaries are involved in construction and related activities, trading of medical and healthcare products, bamboo flooring products and construction materials, as well as property development and project management	Independent Non-Executive Director	4 January 2021	26 December 2023	-	-
Anzo Capital Sdn Bhd	Management consultancy activities and money lending business	Director	25 February 2021	31 July 2023	-	-
Anzo Construction Sdn Bhd	Contractors in construction and related maintenance services, and retail sale of construction materials, hardware, paints and glass	Director	25 July 2019	31 July 2023	-	-
Drahman Ventures Sdn Bhd	General contractor, general supplier and agriculture (Dissolved on 16 September 2022)	Director	22 August 2017	-	-	-
Sekolah Memandu Vela Sdn Bhd	Driving school of all classes of vehicles; to arrange, prepare, guide, set learners and students for both theory and practical trials, test and various examinations	Director	6 August 2020	30 March 2021	-	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Seribu Subur Sdn Bhd	Export and import of a variety of goods without any particular specialization; buying, selling, renting and operating of self-owned or leased real estate - residential buildings (Dissolved on 26 November 2019)	Director	22 December 2014	-	-	-
Simplicity Network Sdn Bhd	Investment holding company (Dissolved on 23 September 2019)	Director	16 May 2015	-	-	-
Teknologi Perintis Jaya (M) Sdn Bhd	To carry on business of administering, owning and running industries for plantation, manufacturing forest product, agricultural and horticultural products, etc, and general trading	Director	7 August 2017	8 January 2021	-	-
Ya Yin (M) Sdn Bhd	Other retail sale not in stores, stalls or markets; other transportation support activities	Director	5 August 2020	16 March 2022	-	-
Hasil Irama Sdn Bhd ⁽³⁾	Wholesale and retail of new motor vehicles (Dissolved on 27 September 2019)	Director	6 March 2018	-	-	-
Fook Ngiap Sawmill Sdn Bhd ⁽³⁾	Wholesale of logs, sawn timber, plywood, veneer and related products	Director	6 March 2018	12 March 2020	-	-
Cergaz Autohaus Sdn Bhd ⁽³⁾	Sales and distribution of new or used motor vehicles and provision of repair and maintenance services	Director	6 March 2018	5 February 2021	-	-
Quantum Automotive Studio Sdn Bhd ⁽³⁾	Auto detailing and related businesses	Director	6 March 2018	5 February 2021	-	-
Capital Intertrade Sdn Bhd ⁽³⁾	Sales and distribution of motor vehicles, and Provision of repair and maintenance services	Director	6 March 2018	5 February 2021	-	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Cergazam Sdn Bhd ⁽³⁾	Management services	Director	6 March 2018	5 February 2021	-	-
Autohaus Car Rental Sdn Bhd ⁽³⁾	Rental and leasing of motor vehicles including motorbikes and light commercials, business related to auto mobile industries and travel agency business	Director	6 March 2018	5 February 2021	-	-
Cergazam Autoworld (EV) Sdn Bhd ⁽³⁾	Trading of motor vehicles	Director	6 March 2018	5 February 2021	-	-
Permaju Plantation Sdn Bhd ⁽³⁾	Plantation related business	Director	6 March 2018	5 February 2021	-	-
Genbayu Gemilang Sdn Bhd ⁽³⁾	Tree plantation activity	Director	6 March 2018	5 February 2021	-	-
Iconworld Resources Sdn Bhd ⁽³⁾	Investment and other services activities	Director	6 March 2018	5 February 2021	-	-
Hardie Development Sdn Bhd ⁽³⁾	Property development	Director	28 May 2018	5 February 2021	-	-
Seacera Group Berhad	Trading of building materials	Executive Director	29 May 2019	29 November 2019 ⁽⁴⁾	-	-
Duta Skyline Sdn Bhd ⁽⁵⁾	Property investment holding	Director	11 October 2019	2 December 2019	-	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Duta Nilai Holdings Sdn Bhd ⁽⁵⁾	Property investment holding	Director	11 October 2019	2 December 2019	-	-
Seaceramart Sdn Bhd ⁽⁵⁾	Trading of building materials, mart and selling of rice, food & beverages and mart	Director	14 October 2019	2 December 2019	-	-
Seacera Care Sdn Bhd ⁽⁵⁾	Investment holding, supply of personal protective equipment and money lending service	Director	14 October 2019	2 December 2019	-	-
Seacera Ceramics Sdn Bhd ⁽⁵⁾	Marketing of all kinds of ceramic tiles and materials (Dissolved on 30 September 2020)	Director	14 October 2019	2 December 2019	-	-
Seacera Porcelain Sdn Bhd ⁽⁵⁾	Manufacturing and trading of ceramic tiles and related products	Director	14 October 2019	2 December 2019	-	-
Seacera Builders Sdn Bhd ⁽⁵⁾	Property development and building construction	Director	14 October 2019	2 December 2019	-	-
Seacera Hias Sdn Bhd ⁽⁵⁾	Trading of building materials	Director	14 October 2019	2 December 2019	-	-
Seacera Properties Sdn Bhd ⁽⁵⁾	Property development	Director	14 October 2019	2 December 2019	-	-

Notes:

- (1) The company does not have any plan to undertake any business as at the LPD. Previously, the company was involved in property development.
- (2) A company listed on the ACE Market of Bursa Securities.
- (3) The company is a wholly-owned subsidiary of Permaju Industries Berhad, a company listed on the Main Market.

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

- (4) Date of retirement as Director.
 (5) The company is a wholly-owned subsidiary of Seacera Group Berhad, a company listed on the Main Market.

(ii) Connie Go

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
<u>Present involvement</u>						
Ace Ecoland Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate land	Shareholder	-	-	12.5	-

(iii) Go Yoong Chang

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
<u>Present involvement</u>						
ACE Dynamic Team Sdn Bhd	Investment holding company and to carry on any other business	Director (resigned)/ Shareholder	6 March 2019	27 September 2021	62.5	-
Go Innovate ⁽¹⁾	Investment holding for its subsidiaries and its group of companies are primarily engaged in trading in precious metals	Non-Independent Non-Executive Chairman ⁽²⁾ / Shareholder	5 March 2019	-	1.0	87.0 ⁽³⁾

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Go Capital ⁽⁴⁾	Trading in precious metals	Director (resigned)/ Shareholder	30 April 2016	14 June 2023	-	100.0 ⁽⁵⁾
ACE Global Metal Sdn Bhd ⁽⁴⁾	Developing information technology (IT), dealing and trading in providing information, communication & technology (ICT) services and consultancy, deal, trade and provide software research & development businesses, dealing & trading in metals & precious metals ⁽⁶⁾	Director (resigned)/ Shareholder	7 January 2015	14 June 2023	-	100.0 ⁽⁵⁾
Go Assay Sdn Bhd (formerly known as ACE Assay (M) Sdn Bhd) ⁽⁴⁾	Technical testing and analysis. Assaying and refining of precious metals	Director (resigned)/ Shareholder	21 April 2017	14 June 2023	-	100.0 ⁽⁵⁾
Go Ikhlas Sdn Bhd (formerly known as ACE Ikhlas Gold Sdn Bhd) ⁽⁷⁾	Gold bullion dealers	Shareholder	-	-	-	51.0 ⁽⁵⁾
Go Ihsan Sdn Bhd (formerly known as ACE Ihsan Gold Sdn Bhd) ⁽⁷⁾	Promoting the marketing all kinds of gold products and services as buyers, sellers, traders, agents, commission, dealers and consultants of gold business.	Shareholder	-	-	-	51.0 ⁽⁵⁾
One Gold Sdn Bhd ⁽⁶⁾	Gold bullion dealers	Director (resigned)/ Shareholder	10 February 2021	14 July 2023	-	40.0 ⁽⁵⁾
ACE Ecoland Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate land	Director/ Shareholder	19 May 2017	-	12.5	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
ACE Marketing & Distribution Sdn Bhd	Property investment and business brokerage	Director/ Shareholder	14 March 2007	-	50.0	-
ACE Reload Sdn Bhd	Buy and sell U Mobile products, trading in various telecommunications products	Director/ Shareholder	10 May 2016	-	25.0	-
ACE2U Sdn Bhd	Trader in oil palm fruits	Shareholder	-	-	17.5	-
Eleven Docks Sdn Bhd	Property investors	Director	5 April 2019	-	-	-
NN Smartgo Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate (i.e. residential buildings, non-residential buildings and land)	Director/ Shareholder	27 June 2023	-	100.0	-
Peerless Steel Sdn Bhd	Investment in property	Director	5 April 2019	-	-	-
Eleven East Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate (i.e. residential buildings, non-residential buildings and land)	Director	22 January 2024	-	-	-
RBN Holdings Sdn Bhd	Investment holding. Currently, the company does not hold any investment in property or shares in company	Shareholder	-	-	25.0	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
<u>Past directorship</u> Go Auto	Manufacture of parts and accessories for motor vehicles	Director	13 September 2019	1 May 2023	-	-
GLSB	Trading and manufacturing of leather products (Dissolved on 4 September 2023)	Director	5 April 2019	-	-	-
Isla Gold Sdn Bhd	Gold bullion dealers (Dissolved on 30 December 2022)	Director	2 July 2021	-	-	-
Mobile Valley Sdn Bhd	Dormant (Dissolved on 20 December 2019)	Director	29 December 2003	-	-	-
SY Industries Sdn Bhd	Polymer Manufacturing, designing, processing and contract manufacturing of packaging materials and other related products.	Director	25 August 2014	8 March 2022	-	-

Notes:

- (1) A company listed on the LEAP Market of Bursa Securities.
- (2) He was redesignated from Executive Chairman to Non-Independent Non-Executive Chairman of Go Innovate on 17 March 2023.
- (3) Deemed interested by virtue of his shareholding in ACE Dynamic Team Sdn Bhd pursuant to Section 8(4) of the Act.
- (4) The company is a wholly-owned subsidiary of Go Innovate.
- (5) Deemed interested by virtue of his direct shareholding in Go Innovate and indirect shareholding in Go Innovate through ACE Dynamic Team Sdn Bhd pursuant to Section 8(4) of the Act.
- (6) The company has applied to be struck off under Section 550 of the Act on 23 November 2023. As at the LPD, the striking off is pending to be gazetted.

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

- (7) The company is a 51%-owned subsidiary of Go Innovate.
 (8) The company is an associate company of Go Innovate.

(iv) Tan Sun Sun

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
<u>Present involvement</u>						
Bringgit Motors Sdn Bhd	Dealers in motorcars and vehicles ⁽¹⁾	Director / Shareholder	30 April 2018	-	100.0	-
Eleven Docks Sdn Bhd	Property investment	Director / Shareholder	22 June 2011	-	33.4	66.6 ⁽²⁾
Eleven East Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate (i.e. residential buildings, non-residential buildings and land)	Director / Shareholder	30 June 2023	-	100.0	-
Peerless Steel Sdn Bhd	Investment in property	Director / Shareholder	1 September 2016	-	33.3	66.7 ⁽²⁾
Go Innovate	Investment holding for its subsidiaries and its group of companies are primarily engaged in trading in precious metals	Shareholder	-	-	3.0	-

Notes:

- (1) Inactive as there are no ongoing business activities as at the LPD.
 (2) Shares held in trust for her children.

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

(v) Leou Thiam Lai

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
<u>Present involvement</u>						
BTM Resources Berhad ⁽¹⁾	Investment holding and the provision of management services. The principal activities of its subsidiaries are logging, sawmilling, and trading of sawn timber, plywood and logs, kiln-drying operations, timber moulding, manufacturing and sale of wood pellets, finger jointed timber and lamination boards, and renewable energy business	Independent Non-Executive Director	8 August 2023	-	-	-
Yong Tai Berhad ⁽¹⁾	Investment holding company. The principal activities of its subsidiaries are property development	Independent Non-Executive Director	10 July 2023	-	-	-
Dragonhub Bhd	Real estate activities with own or leased property	Shareholder	-	-	10.0	90.0 ⁽²⁾
Dragonweb Bhd	Investment and letting of properties	Director/ Shareholder	29 July 2000	-	30.0	70.0 ⁽²⁾
Dragon Sphere Sdn Bhd	Investment in properties	Shareholder	-	-	37.5	62.5 ⁽²⁾
Leou Associates PLT	Accounting, bookkeeping, auditing and tax consultancy	Partner	14 October 2014	-	-	-
Leou & Associates	Auditing and tax consultancy services	Sole proprietor	21 June 1988	-	-	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
T. L. Leou Consultancy Services Sdn Bhd	Providing tax consultancy and related tax services	Director/ Shareholder	17 August 1990	-	100.0	-
Target Continental Sdn Bhd	Investment in properties	Director/ Shareholder	18 August 1992	-	50.0	50.0 ⁽²⁾
Tranzmart Sdn Bhd	Real estate activities with own or leased property	Shareholder	-	-	33.3	66.7 ⁽²⁾
<u>Past directorship</u>						
EA Holdings Berhad ⁽³⁾	Investment holding, consultancy services. The principal activities of its subsidiaries are provision of business intelligence software and development, information technology service management consultancy and system integration; hardware system integration, mechanical and engineering services; and food and beverage distribution	Independent Non-Executive Director	27 July 2017	11 November 2019	-	-
Menang Corporation Berhad ⁽¹⁾	(M) Investment holding and the provision of management services. The principal activities of its subsidiaries are property development, property construction, property investment, management services, undertaking of landscaping projects and turf farming, leasing and hire purchase	Independent Non-Executive Director	29 November 2016	17 December 2020	-	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Hextar Technologies Berhad (formerly known as Complete Logistics Services Berhad) ⁽¹⁾	Investment holding company. The principal activities of its subsidiaries are total logistics services, shipowner and provision of marine transportation services, lorry transport operator, insurance agents and provision of management services, general trading	Independent Non-Executive Director	24 February 2020	12 March 2021	-	-
Sern Resources Berhad ⁽¹⁾	Kou Investment holding and provision of management services. The principal activities of its subsidiaries are manufacturing, processing and trading all kinds of timber, wood, wooden furniture and related products	Independent Non-Executive Director	19 October 2010	16 December 2022	-	-
Degem Berhad ⁽¹⁾	Investment holding and provision of management services. The principal activities of its subsidiaries are trading in gold, diamonds and jewellery	Senior Independent Non-Executive Director	21 May 2001	1 September 2020	-	-

Notes:

- (1) A company listed on the Main Market.
- (2) Deemed interested by virtue of the shares held by his spouse and children pursuant to Section 8(4) of the Act.
- (3) A company listed on the ACE Market of Bursa Securities.

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

(vi) Dato' Tan Yee Boon

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
<u>Present involvement</u>						
AppAsia Berhad ⁽¹⁾	Provision of management services and investment holding. The principal activities of its subsidiaries are digital solutions business, e-commerce business, information technology security and training, and money lending services	Shareholder	-	-	4.1	-
David Lai & Tan Services Sdn Bhd	Other business support service activities	Director/ Shareholder	5 December 2019	-	33.3	-
Ecoscience International Berhad ⁽¹⁾	Activities of holding companies. The principal activities of its subsidiaries include construction of plants and facilities, fabrication of equipment, and supply of materials and equipment	Independent Non-Executive Chairman/ Shareholder	2 August 2021	-	0.1	-
Freshdotads Sdn Bhd	Activities of holding companies; advertising; export and import of a variety of goods without any particular specialisation ⁽²⁾	Director/ Shareholder	2 January 2018	-	99.0	-
Fruitsfarm In The City By Kerlin Global Sdn Bhd	Growing of fruits bearing vegetables; retail sale of fresh or preserved vegetables and fruits; wholesale of meat, fish, fruits and vegetables	Shareholder	-	-	15.0	-
Fruitsfarm In The City Holdings Sdn Bhd	Retail sale of fresh or preserved vegetables and fruits; wholesale of meat, fish, fruits and vegetables; growing of fruits bearing vegetables	Director/ Shareholder	3 October 2018	-	15.0	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Gemberry Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate - non-residential buildings, and other food service activities	Director/ Shareholder	23 April 2021	-	16.7	-
Maslog IT Solutions Sdn Bhd	Engaged as developer and provision of technical support of software system for the supply chain management in the logistics and forwarding industry	Shareholder	-	-	-(3)	-
OOB Productions Sdn Bhd	E-commerce media advertising services and other related activities	Shareholder	-	-	10.0	-
Propel Global Berhad ⁽⁴⁾ (taken over listing status of Daya Materials Berhad)	Activities of holding companies. The principal activities of its subsidiaries include provision of products and services for exploration, drilling and well intervention, improved and enhanced oil recovery, and production technologies for the oil & gas industry, supply of industrial and environmental chemicals for the oil & gas industry, installation and maintenance of air-conditioning and ventilation system as well as design, construction and management of industrial facilities	Deputy Chairman and Independent Non-Executive Director ⁽⁵⁾ / Shareholder	8 April 2022	-	1.4	-
Protasco Berhad ⁽³⁾	Investment holding. The principal activities of its subsidiaries include road construction, rehabilitation and maintenance, property development, engineering and consultancy services, construction, trading of road and construction materials, solar panel installation and supply of electricity from solar power plant, and provision of training and education services	Independent Non-Executive Director	18 January 2013	-	-	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Runningmind Sdn Bhd	Business management consultancy services; Advisory services in products branding; Other business support service activities	Director/ Shareholder	1 December 2016	-	100.0	-
TK Venture Capital Sdn Bhd	Activities of holding companies, export and import of a variety of goods without any particular specialisation ⁽²⁾	Director/ Shareholder	4 April 2018	-	100.0	-
David Lai & Tan	Legal firm	Partner	1 May 2013	-	-	-
EV Dynamics (Holdings) Limited (formerly known as China Dynamics (Holdings) Limited) ⁽⁶⁾	Investment holding. Its subsidiaries are principally involved in manufacturing and trading of electric buses, coaches and batteries; development of new energy technology and product, mining, and trading of metals and minerals	Independent Non-Executive Director	17 June 2016	-	-	-
TIL Enviro Limited ⁽⁶⁾	Investment holding. Its subsidiaries are principally involved in wastewater treatment services	Independent Non-Executive Director	4 October 2018	-	-	-
Past directorship Binasat Communications Berhad ⁽¹⁾	Investment holding. Its subsidiaries are principally involved in the provision of support services for satellite, mobile and fibre optic telecommunications networks	Independent Non-Executive Director	6 June 2017	30 November 2022 ⁽⁷⁾	-	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Central Global Berhad ⁽³⁾ (taken over listing status of Central Industrial Corporation Berhad)	Activities of holding companies. Its subsidiaries are principally involved in the manufacturing and sales of self-adhesive label stocks and tapes, construction of buildings and infrastructure, trading of building materials, and provision of information technology and related services.	Independent Non-Executive Director	10 June 2019	22 June 2021 ⁽⁷⁾	-	-
Central Industrial Corporation Berhad (listing status taken over by Central Global Berhad)	Manufacturing and sales of self-adhesive label stocks and tapes of its own brand and trading of other self-adhesive label stocks and tapes	Independent Non-Executive Director	16 June 2015	3 October 2019	-	-
Daya Materials Berhad (listing status taken over by Propel Global Berhad)	Investment holding company and provision of management services to the subsidiaries, which are involved in the offering a range of products and services to both the upstream and downstream sectors of the oil and gas industry as well as building construction of non-residential buildings and industrial facilities management services	Independent Non-Executive Director	30 November 2020	10 June 2022	-	-
Perfect Propel Sdn Bhd	Investment holding company	Director	22 April 2014	15 May 2020	-	-
Prevenances Corporate Advisory Sdn Bhd	Providing training management and consultancy into all kinds of insurance and property (Dissolved on 8 November 2022)	Director	20 December 2016	-	-	-

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

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect

PropelCMT Sdn Bhd	Providing industrial facilities management including builder works, facility operation and maintenance services, upgrades and retrofits as well as design and build plant facility	Director	17 July 2014	30 June 2022	-	-
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Notes:

- (1) A company listed on the ACE Market of Bursa Securities.
- (2) Inactive as there are no ongoing business activities as at the LPD.
- (3) A company listed on the Main Market.
- (4) He holds 375 preference shares in the company.
- (5) He was appointed as the Acting Chairman and Independent Non-Executive Director on 8 April 2022 and redesignated as the Deputy Chairman and Independent Non-Executive Director on 22 September 2023.
- (6) A company listed on the Main Board of the Stock Exchange of Hong Kong Limited.
- (7) Date of retirement as Director.

(vii) Lee Wan Ning

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect

Present involvement

Bestwell Sdn Bhd	Capital Japanese restaurant	Director/ Shareholder	18 September 2020	-	20.0	-
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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Instant Gold Pte Ltd	Investment holding in properties	Shareholder	-	-	20.0	-
Instant Gold Sdn Bhd	Investment holding in properties, and provision of forklift maintenance services	Director/ Shareholder	15 August 2006	-	1.0	-
Majuga Jaya Express Sdn Bhd	Investment holding in properties, and provision of forklift maintenance services	Director	12 April 2002	-	-	-

Past directorship

Arigatou Sdn Bhd	Online and offline trading of imported food and snacks	Director	4 December 2020	20 September 2023	-	-
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As at the LPD, the directorships of our Directors in other companies are in compliance with Paragraph 15.06 of the Listing Requirements as our Directors do not hold more than 5 directorships in public listed companies on Bursa Securities.

The involvement of our Directors in other directorships or those business activities outside our Group does not give rise to any conflict of interest situation with our Group's business.

Our Board is of the view that the involvement of our Directors in the other business activities outside our Group as set out above does not preclude them from allocating or committing their time and effort to our Group in their respective roles as our Directors, after taking into consideration the following:

- (i) the involvement of our Executive Director(s) in those business activities outside our Group does not require a significant amount of time or commitment as they are not involved in the day-to-day operations of the said businesses outside our Group. Hence, their involvement in those businesses outside our Group does not affect his/her ability to perform his/her executive roles and responsibilities to our Group; and
- (ii) our Independent Non-Executive Directors are not involved in our Group's day-to-day operations.

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

5.2.4 Directors' remuneration and material benefits in-kind

The details of the remuneration and material benefits in-kind paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 2023 and FYE 2024 are as follows:

(a) FYE 2023

Name/ Designation	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		Total (RM'000)
	Directors' fee (RM'000)	Salary (RM'000)	Allowance (RM'000)	Other emolument ⁽¹⁾ (RM'000)	Bonus ⁽²⁾ (RM'000)	Benefits-in-kind (RM'000)	
<u>NON-INDEPENDENT EXECUTIVE DIRECTORS</u>							
Connie Go ⁽³⁾	336 ⁽⁷⁾	418	20	66	39	30	909
Go Yoong Chang ⁽⁴⁾	- ⁽⁸⁾	475	33	70	50	21	649
Tan Sun Sun ⁽⁵⁾	- ⁽⁸⁾	380	-	49	20	50	499
<u>INDEPENDENT NON-EXECUTIVE DIRECTORS</u>							
Dato' Mazlan bin Mohamad ⁽⁶⁾	20	-	1	-	-	-	21
Leou Thiam Lai ⁽⁶⁾	16	-	1	-	-	-	17
Dato' Tan Yee Boon ⁽⁶⁾	16	-	1	-	-	-	17
Lee Wan Ning ⁽⁶⁾	16	-	1	-	-	-	17

Notes:

- (1) Including employer's contribution to EPF, SOCSO and EIS (where applicable).
- (2) Including bonuses for the FYE 2022 which were paid in FYE 2023.
- (3) Appointed as the Non-Independent Executive Director on 14 August 2023.
- (4) Appointed as the Non-Independent Executive Director on 27 September 2023.

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

- (5) Appointed as the Non-Independent Executive Director on 28 August 2023.
- (6) Appointed as the Independent Non-Executive Director on 28 August 2023.
- (7) Comprising the director fee paid in SGD, based on the average exchange rate for FYE 2023 of SGD1:RM3.3764, for her directorship in Gosford Singapore.
- (8) Go Yoong Chang and Tan Sun Sun are not remunerated with directors' fees as their contributions to our Group are mainly remunerated via their respective salaries.

(b) Proposed for the FYE 2024

Name/ Designation	Directors' fee (RM'000)	Fixed and non-deferred remuneration			Variable and non-deferred remuneration		Total (RM'000)
		Salary (RM'000)	Allowance (RM'000)	Other emolument ⁽¹⁾ (RM'000)	Bonus ⁽²⁾ (RM'000)	Benefits-in-kind (RM'000)	
Connie Go	58 ⁽³⁾	762	53	111	182	17	1,183
Go Yoong Chang	- ⁽⁴⁾	585	56	88	163	28	920
Tan Sun Sun	- ⁽⁴⁾	360	50	57	105	35	607

NON-INDEPENDENT EXECUTIVE DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dato' Mazlan bin Mohamad	60	-	4	-	-	-	64
Leou Thiam Lai	48	-	4	-	-	-	52
Dato' Tan Yee Boon	48	-	4	-	-	-	52
Lee Wan Ning	48	-	4	-	-	-	52

Notes:

- (1) Including employer's contribution to EPF, SOCSO and EIS (where applicable).

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

- (2) Including bonuses for the FYE 2023 which were and will be paid in FYE 2024. Bonuses for the FYE 2024 will be determined at a later date based on the individual's performance as well as our Group's performance, and will be subject to recommendation from our Remuneration Committee and approval by our Board.
- (3) Comprising the director fee paid in SGD, based on the average exchange rate from 1 January 2024 up to the LPD of SGD1:RM3.4975, for her directorship in Gosford Singapore.
- (4) Go Yoong Chang and Tan Sun Sun are not remunerated with directors' fees as their contributions to our Group are mainly remunerated via their respective salaries.

The remuneration of our Directors, which includes Directors' fees and such other allowances as well as other benefits of our Directors, must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Thereafter, our Directors' fees must be approved by our shareholders in a general meeting.

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

5.3 BOARD PRACTICES

Our Board acknowledges and is aware of the MCCG which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively.

Our Chairman of the Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee, and our Company has adhered to the recommendation of having at least 30% women directors on our Board.

The Board will oversee our Group's adherence to its policies such as, among others, the Anti-Bribery and Anti-Corruption Policy in accordance with our Group's Code of Conduct and Ethics, which was adopted on 13 September 2023.

5.3.1 Directors' term of office

As at the date of this Prospectus, the details of the date of expiration of the current term of office for each of our Directors and the period for which our Directors have served in that office are as follows:

<u>Name</u>	<u>Designation</u>	<u>Date of expiration of the current term of office</u>	<u>Approximate no. of years and months in office</u>
Dato' Mazlan bin Mohamad	Independent Non-Executive Chairman	Subject to retirement at our second AGM	Less than 1 year
Connie Go	Non-Independent Executive Director and Chief Executive Officer	Subject to retirement at our second AGM	Less than 1 year
Go Yoong Chang	Non-Independent Executive Director	Subject to retirement at our fourth AGM	Less than 1 year
Tan Sun Sun	Non-Independent Executive Director	Subject to retirement at our third AGM	Less than 1 year
Leou Thiam Lai	Independent Non-Executive Director	Subject to retirement at our third AGM	Less than 1 year
Dato' Tan Yee Boon	Independent Non-Executive Director	Subject to retirement at our fourth AGM	Less than 1 year
Lee Wan Ning	Independent Non-Executive Director	Subject to retirement at our fourth AGM	Less than 1 year

According to our Constitution, all the Directors shall retire from office at the conclusion of the first AGM. At the AGM in every subsequent year, 1/3 of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office at the conclusion of the AGM in every year provided always that all Directors shall retire from office once at least in each 3 years, but shall be eligible for re-election.

The Directors to retire in each year shall be the Directors who have been longest in office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall be determined by lot, unless they otherwise agreed among themselves. A retiring Director shall be eligible for re-election as if he is not disqualified under the Act at the AGM.

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

5.3.2 Board Committees

5.3.2.1 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 28 August 2023 and its members are appointed by our Board. Our Audit and Risk Management Committee comprises the following members:

Name	Designation	Directorship
Leou Thiam Lai	Chairperson	Independent Non-Executive Director
Dato' Tan Yee Boon	Member	Independent Non-Executive Director
Lee Wan Ning	Member	Independent Non-Executive Director

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its statutory and fiduciary responsibilities relating to the financial reporting process, internal controls and risk management of our Group.

The duties and functions of our Audit and Risk Management Committee as stated in the terms of reference, comprise the following:

Financial Reporting

- (a) Review the quarterly results and the year-end financial statements of our Group, before submission to the Board for approval, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed;
 - (iii) significant adjustment arising from the audit;
 - (iv) major judgement areas;
 - (v) the going concern assumption; and
 - (vi) compliance with accounting standards, regulatory and other legal requirements.
- (b) Review and provide advice on whether the financial statements taken as a whole provide a true and fair view of the company's financial position and performance.
- (c) Ask probing questions to ascertain whether the financial statements are consistent with operational and other information known, where there are significant matters requiring judgement.
- (d) Understand non-financial information which is relevant in assisting the Committee to gain further insights on the Company's performance and enhance the integrity of financial reporting.
- (e) Ensure that the financial statements are consistent with operational and other information, where there are significant matters requiring judgement.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**External Auditors**

- (a) Assess the suitability, objectivity and independence of the external auditor on an annual basis based on established policies and procedures, and the annual performance evaluation of the external auditor undertaken by the Committee. The policies and procedures should include the following considerations:
- (i) criteria to decide on the appointment and re-appointment of the external auditor. The criteria should include an assessment of the competency, audit quality and resource capacity of the external auditor in relation to the audit. The assessment should also consider the information as presented in the Annual Transparency Report of the audit firm. If the Annual Transparency Report is not available, the Committee may engage the audit firm on matters typically covered in an Annual Transparency Report, including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;
 - (ii) appropriateness of audit fees to support a quality audit;
 - (iii) non-audit services must be approved by the Committee before they rendered by the external auditor and its affiliates, while taking into account the nature of the non-audit services and the appropriateness of the level of fees;
 - (iv) obtain written assurance from the external auditor confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
 - (v) annual evaluation on the performance of the external auditor by the management and the Committee.
- (b) Consider and recommend to the Board on the appointment or re-appointment of external auditor and to fix their fees (audit and non-audit), after assessing their independence and capabilities as well as the effectiveness of the external audit process.
- (c) Review the following and report the same to the Board:
- (i) any letter of resignation from the external auditor or proposal for their dismissal, including a copy of any written representations or statement of circumstances in relation with the resignation made by the external auditor, if applicable; and
 - (ii) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.
- (d) Review the following with the external auditor and report the same to the Board:
- (i) audit plan, its scope and nature, including any changes to the scope of the audit plan;
 - (ii) audit report;
 - (iii) evaluation of the system of internal controls;
 - (iv) the assistance given by the employees and management to the external auditors, including any difficulties or disputes encountered during audit; and
 - (v) external auditor's management letter and management's response thereto.

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

Internal Audit Function

- (a) Mandate the Internal Audit function to report directly to the Committee;
- (b) Review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- (c) Review the internal audit plan or charter, programme, processes, and the reporting structure;
- (d) Review the findings of the internal auditor's reports, investigations undertaken and whether or not appropriate actions are taken by the management, based on the recommendations of the internal auditors;
- (e) Approve any appointment or termination of internal audit member of the Internal Audit function;
- (f) Review the appraisal or evaluation on the performance of the internal audit function on an annual basis;
- (g) Review or take cognisance of resignation of internal audit staff member (for in-house internal audit functional) and provide the internal auditors/ resigning staff member an opportunity to submit the reasons for resigning;
- (h) Review the assistance given by the employees and management to the internal auditors, including any difficulties or disputes encountered during internal audit; and
- (i) Review any special audit which the Committee deems necessary.

Risk Management and Internal Control

- (a) Establish an adequate and effective Group's risk management and internal control framework;
- (b) Review the risk management framework, policies and processes, include identifying, managing, monitoring and mitigating the significant risks of our Group, as well as evaluate the overall adequacy and effectiveness of the system of internal control and provide recommendations to the Board for approval;
- (c) Review and assess our Group's level of risk appetite and risk tolerance;
- (d) Review the significant risks identified (including operational, financial, regulatory compliance, sustainability reporting and reputational risks) and assess the adequacy and suitability of mitigating actions put in place to manage these risks; and
- (e) Review the adequacy of resources in managing the risk management and internal control framework.

Related Party Transactions ("RPT"), Recurrent RPT ("RRPT") and Conflict of Interest ("COI")

- (a) Establish comprehensive procedures for identifying, evaluating, approving and reporting all RPT and RRPT, and COI situations;
- (b) Review and report to the Board any RPT, RRPT and COI situation that arise, persist or may arise within our Group including any transaction, procedures or course of conduct that raises question on management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;

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

- (c) Review and establish whether all RRPT have been carried out in accordance with the mandate approved by the shareholders and are on commercial terms no more favourable to the related parties than those available to the public and make recommendation to Board; and
- (d) Review all non-recurring transactions or corporate proposals involving related parties, to ensure that they are in the best interest of the Company and are not to the detriment of the minority shareholders and make recommendations to Board.

Others

- (a) Review all financial related reports including Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control, Sustainability statement, Corporate Governance Overview Statement and Corporate Governance Report as required by the Listing Requirements for inclusion in the Annual Report;
- (b) Verify allocation of units or options issued pursuant to the various incentive or retention schemes implemented by our Group (if any);
- (c) Obtain regular updates from the management regarding compliance matters;
- (d) Review regulatory and compliance reports, and any other reports within the purview of the Committee;
- (e) Periodically review the adequacy and appropriateness of Anti-Bribery and Anti-Corruption Policy, and Whistleblowing Policy;
- (f) Review implementation and adequacy of Group's business continuity plan;
- (g) Report any suspected frauds/ irregularities, serious internal control deficiencies, suspected infringement of laws, rules and regulations that warrant the attention of the Board; and
- (h) Carry out any other functions that may be mutually agreed upon by the Committee and the Board.

5.3.2.2 Remuneration Committee

Our Remuneration Committee was established on 28 August 2023 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:

Name	Designation	Directorship
Dato' Tan Yee Boon	Chairperson	Independent Non-Executive Director
Leou Thiam Lai	Member	Independent Non-Executive Director
Lee Wan Ning	Member	Independent Non-Executive Director

The main function of our Remuneration Committee is to assist our Board to review the remuneration policies through a transparent and independent process for the Chief Executive Officer, Executive Directors, Non-Executive Directors and senior management; and to ensure that the compensation is competitive and consistent with the Company's culture, objectives and strategy.

The duties and functions of our Remuneration Committee as stated in the terms of reference, comprise the following:

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

- (a) Assist the Board to implement Group's policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and senior management and recommend to the Board for approval.
- (b) Review policies and procedures on remuneration of Directors and senior management, to ensure that remuneration packages are determined on the basis of individual's merit, qualification and competence, after taking into consideration the complexity of Group's business and performance, individual's responsibilities, comparable market statistics, and their roles in addressing the company's material sustainability risks and opportunities and achieving sustainability targets.
- (c) In determining the remuneration packages of Directors and senior management, the Committee should take into consideration the following:
 - (i) merit, qualification and professionalism;
 - (ii) technical competency, skills, expertise and experience;
 - (iii) roles and responsibilities;
 - (iv) alignment with the business and risks strategies, and long-term objectives of our Group; and
 - (v) fairness of the remuneration package to attract, retain and motivate quality talent and ensure the compensations offered are in line with market practice.
- (d) Review and recommend to the Board the compensation payable to Executive Directors and senior management, and ensure the compensations offered are in line with market practice.
- (e) Review the formulation of Key Performance Indicators ("KPIs") of the Executive Directors, Chief Executive Officer and senior management, and to assess on a periodic basis, their performance against the approved KPIs.
- (f) Recommend to the Board any performance related pay schemes for the Company or Group.
- (g) Recommend to the Board on the appointment of experts or consultants to assist the Committee on all remuneration matters, where necessary to fulfil its responsibilities.
- (h) Review major changes in employee remuneration and benefit structures throughout our Group.
- (i) Carry out other responsibilities, functions or assignments as may be prescribed by the Board from time to time.

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

5.3.2.3 Nomination Committee

Our Nomination Committee was established on 28 August 2023 and its members are appointed by our Board. Our Nomination Committee comprises the following members:

Name	Designation	Directorship
Lee Wan Ning	Chairperson	Independent Non-Executive Director
Dato' Tan Yee Boon	Member	Independent Non-Executive Director
Leou Thiam Lai	Member	Independent Non-Executive Director

The main function of our Nomination Committee is to assist our Board in reviewing the structure, size and composition of the Board and senior management.

The duties and functions of our Nomination Committee as stated in the terms of reference, comprise the following:

- (a) Review and recommend to the Board for approval, the appropriate size, composition, mix of skills and experience, and diversity (including gender diversity) of the Board and Board Committees to facilitate effective decision-making after taking into consideration the scope and nature of the operations of our Group.
- (b) Identify, consider and recommend to the Board suitable candidates for appointment of Directors. The Committee does not solely rely on recommendations from existing board members, management or major shareholders, but will also utilise independent sources to identify suitably qualified candidates. In making the recommendations, the Committee shall:
 - (i) assess the candidates' expertise, skills, knowledge, experience, professionalism, commitment, contribution, performance, integrity, competence and character based on, among others, the Fit and Proper Policy of the Company;
 - (ii) consider board diversity including age, gender and ethnicity;
 - (iii) consider the current composition and tenure of each Director on the Board;
 - (iv) in the case of candidates for the position of Independent Non-Executive Directors, evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors; and
 - (v) in the case of candidates filling seats in respect of the Audit and Risk Management Committee in particular, to ensure the candidate is financially literate and possesses a wide range of necessary skills to discharge his/her duties.
- (c) If the selection of candidates was solely based on recommendations made by existing Board, management or major shareholders, the Committee should explain why other sources were not used.
- (d) Review and assess the independence of Independent Directors on an annual basis and the Directors meet the identified independence criteria and are not disqualified under the relevant regulations.
- (e) Where there is an Independent Non-Executive Director whose term will exceed/has exceeded the nine (9) years tenure, the Committee shall justify the recommendation to retain the Independent Non-Executive Director after the ninth (9th) year to the Board for consideration to seek shareholders' approval through a two-tier voting process.

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

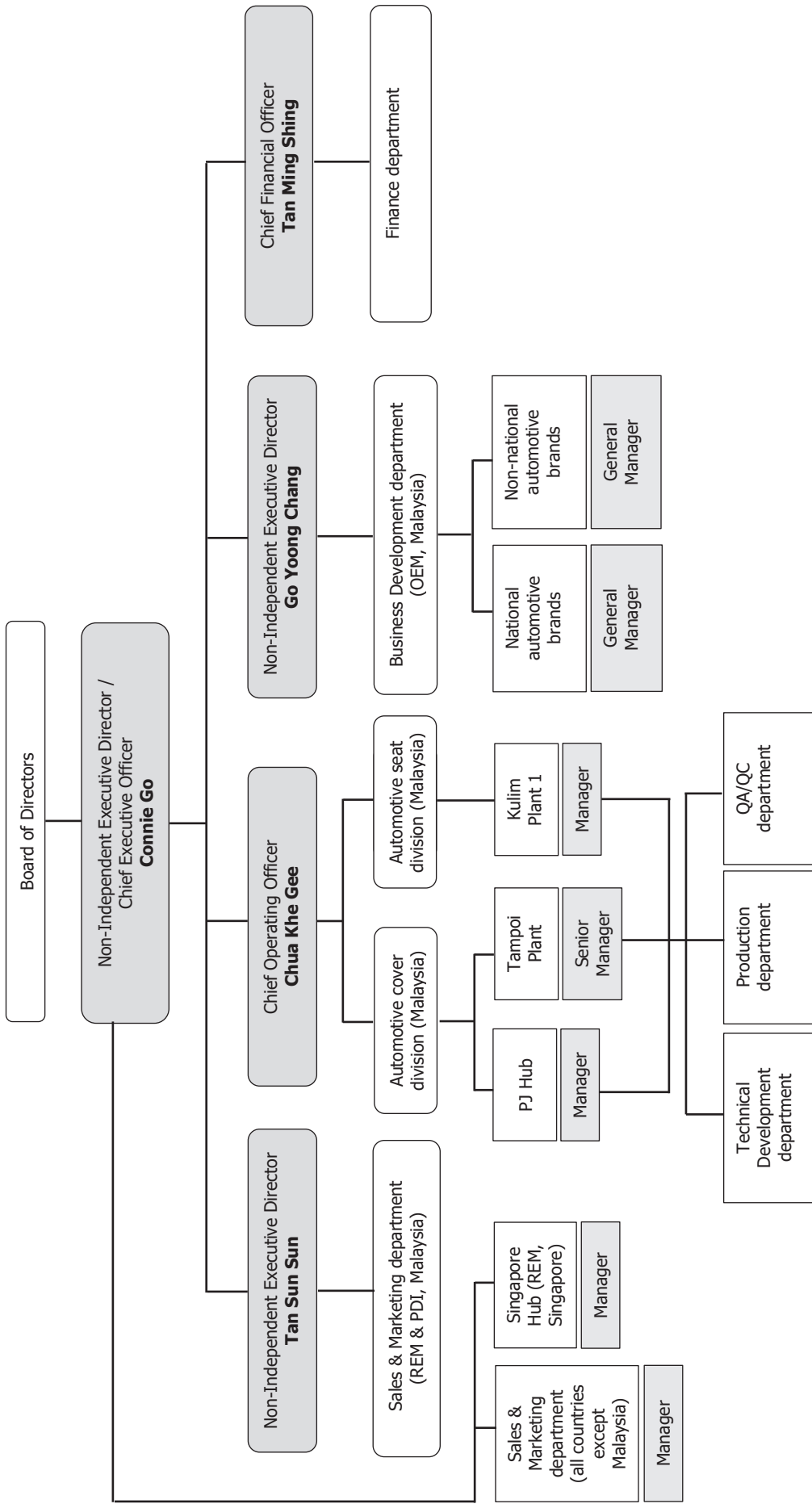
- (f) The tenure of office of an Independent Non-Executive Director must not be more than a cumulative period of twelve (12) years from the date of his/her first appointment as an Independent Non-Executive Director.
- (g) Review the tenure of each director and ensure that the annual re-election of a director is based satisfactory evaluation of the director's performance and contribution to the Board and meet the criteria as set out in the Directors' Fit and Proper policy.
- (h) Recommend to the Board the re-election of Directors who retired by rotation pursuant to the Company's Constitution.
- (i) Deliberate on matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of Executive Director as an employee of the Company subject to the provisions of the law and the service contract.
- (j) Assess and recommend to the Board's approval, new and reappointed nominees (where applicable) for directorship, chairpersonship and/or membership to the respective Board Committee.
- (k) Recommend to the Board any appointment, cessation, suspension, dismissal and/or any staff movement including re-designation, re-deployment, transfer or secondment of senior management of our Group.
- (l) Establish and recommend for board's approval a mechanism for formal assessment of the performance of the Board and senior management.
- (m) Assess and review on an annual basis the effectiveness of the Board as a whole, Board Committees, and the contribution of each individual Director and Chief Executive Office including his/her character, competence, experience, gender diversity and commitment. All the assessments and evaluation carried out by the Committee in the discharge of its duties shall be disclosed in the Annual Report.
- (n) Evaluate and review the performance of the Board and senior management including the performance of the Board and senior management in addressing the company's material sustainability risks and opportunities.
- (o) Review Board and senior management succession plans and oversee the development of a diverse pipeline for Board and management succession, including the future Chairman, Executive Directors and/or Chief Executive Officer.
- (p) Establish gender diversity policy for the Board and senior management and to ensure that the Company takes concrete action to achieve the numerical targets as stated in the policy.
- (q) Facilitate Board induction programme for newly appointed Directors.
- (r) Identify suitable educational and training programmes for continuous development of Directors to ensure the Directors keep abreast with development in the industry, regulatory changes and board business trends.
- (s) Review annually the term of office, effectiveness and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference.
- (t) Review periodically the job descriptions of Executive Directors and senior management.
- (u) Carry out such other duties or functions as may be delegated by the Board from time to time or required by the regulatory authority.

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

5.4 KEY SENIOR MANAGEMENT

5.4.1 MANAGEMENT REPORTING STRUCTURE

The management reporting structure of our Group is as follows:



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

Our Group recognises the importance of attracting and retaining talent and continuously identifying prospective second liners across key functions to undergo development programmes such as mentoring and continuous technical training. In addition, our Group also offers competitive remuneration packages for all its employees to ensure continuity and sustainability in our Group's businesses. Further, our Group also has in place a management succession plan as detailed in **Section 5.7** of this Prospectus.

5.4.2 Key Senior Management's shareholdings

The direct and indirect shareholdings of our Key Senior Management in our Company before and after our IPO are as follows:

Key senior management	Designation	After the Pre-IPO Restructuring Exercise but before our IPO			After our IPO ⁽³⁾				
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Connie Go	Non-Independent Executive Director and Chief Executive Officer	69,987,600	10.0	-	-	70,287,600 ⁽³⁾	8.3	-	-
Go Yoong Chang	Non-Independent Executive Director	279,950,000	40.0	-	-	225,142,000	26.7	-	-
Tan Sun Sun	Non-Independent Executive Director	349,937,600	50.0	-	-	295,129,600	35.0	-	-
Chua Khe Gee	Chief Operating Officer	-	-	-	-	300,000 ⁽³⁾	Neg	-	-
Tan Ming Shing	Chief Financial Officer	-	-	-	-	300,000 ⁽³⁾	Neg	-	-

Notes:

Neg Negligible. Being less than 0.1%.

(1) Based on our total number of 699,875,200 Shares after the Pre-IPO Restructuring Exercise but before our IPO.

(2) Based on our enlarged number of 843,200,000 Shares after our IPO.

(3) Assuming he/she fully subscribes to his/her entitlement under the Pink Form Allocation.

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

5.4.3 Profiles of Key Senior Management

The profiles of our other Key Senior Management are as follows:

- (i) **Connie Go**
Non-Independent Executive Director and Chief Executive Officer

The profile of Connie Go, being our Key Senior Management, is set out in **Section 5.1.2(i)** of this Prospectus.

- (ii) **Go Yoong Chang**
Non-Independent Executive Director

The profile of Go Yoong Chang, being our Key Senior Management, is set out in **Section 5.1.2(ii)** of this Prospectus.

- (iii) **Tan Sun Sun**
Non-Independent Executive Director

The profile of Tan Sun Sun, being our Key Senior Management, is set out in **Section 5.1.2(iii)** of this Prospectus.

- (iv) **Chua Khe Gee**
Chief Operating Officer

Chua Khe Gee, a Malaysian male aged 45, is the Chief Operating Officer of Gosford Malaysia. He is responsible for managing and overseeing all project deliverables and our Group's Production, QA/QC and Technical Development departments.

He graduated from University of Plymouth, the United Kingdom in 2005 with a Bachelor's Degree in Mechanical Design and Manufacture.

Upon graduation, he joined APM Automotive Holdings Berhad (a company listed on the Main Market) as Product Development Engineer under Technical Department of the APM Seats Division in October 2005. He became the Assistant Manager of APM Automotive Holdings Berhad under its OEM department in July 2007. He was then promoted to Manager in January 2010 and Senior Manager in January 2013, which position he held until his resignation in January 2014. During his tenure there, he was in charge of business development where he was tasked to secure new OEM orders for the respective companies and assisted in the product planning activities for automotive seat manufacturing.

In February 2014, he joined Gosford Malaysia as General Manager where he was responsible for overseeing and managing project deliverables. Subsequently in April 2021, he was appointed as a Director of Feytech SB and was responsible for the setting-up of the company as well as business development of the company. Thus, together with the Business Development Director of Feytech SB, Go Yoong Chang, he played a pivotal role in securing new projects for our Group's automotive seat division. Chua Khe Gee assumed his present role as Gosford Malaysia's Chief Operating Officer in March 2023.

Alongside his career, he was also appointed as the Vice President of Mazda Malaysia Vendors' Association for year 2022 to 2024.

Chua Khe Gee does not have any family relationship with any of our Directors and/or substantial shareholders.

Chua Khe Gee's other principal directorship and involvement in other corporation are disclosed in **Section 5.4.4(i)** of this Prospectus.

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

(v) Tan Ming Shing
Chief Financial Officer

Tan Ming Shing, a Malaysian female aged 40, is the Chief Financial Officer of Gosford Malaysia. She is responsible for overseeing all accounting and finance related matters of our Group.

She graduated from Multimedia University in 2007 with a Bachelor's Degree in Accounting. In 2016, she was admitted as an affiliate of the Association of Chartered Certified Accountants. In March 2023, she was also admitted as a Chartered Accountant of the Malaysian Institute of Accountants.

Upon graduation, she began her career as Audit Assistant at Lo Hock Ling & Co in Singapore in June 2007, where she was responsible for performing general statutory audit, internal audit and external audit. In February 2010, she left Lo Hock Ling & Co and took a short career break before joining Baker Tilly TFW LLP as Senior Assurance Associate in August 2010. She was then promoted to Assurance Senior in July 2011. During her stint in Baker Tilly TFW LLP, she was in charge of carrying out the general statutory audit, assisting in coaching and training of attachment students from polytechnic and university as well as assisting clients to improve their internal control processes.

She left Baker Tilly TFW LLP in March 2012 and returned to Malaysia to take a short career break. In June 2012, she joined SCS Global Consulting (IDR) Sdn Bhd as Senior Audit Associate in which she was responsible for conducting general statutory audit. In September 2012, she was transferred to HYC & Co (now known as SCS Global & Co) as Senior Audit Associate, and then promoted to Assistant Manager in January 2013. During her tenure there, she led and managed a team to conduct general statutory audit. She resigned from SCS Global & Co in March 2014.

After taking a short career break, she joined BreadTalk Pte Ltd in Singapore in July 2014 as Accountant. She was later transferred to BreadTalk Group Ltd in January 2015 as Assistant Finance Manager. During her tenure in BreadTalk Pte Ltd and BreadTalk Group Ltd, she oversaw accounting related matters including accounts payable and receivable functions and cash flow planning management. In October 2016, she left BreadTalk Group Ltd.

Thereafter, she joined Acumen Bizcorp Pte Ltd and Alpha Corporate Services Pte Ltd in November 2016 as Manager where she assisted in the setting up of the Accounting department of the company. She was also in charge of providing audit and accounting consultancy services to clients. She left Acumen Bizcorp Pte Ltd and Alpha Corporate Services Pte Ltd in March 2018. She then took a career break until July 2018.

Tan Ming Shing joined Gosford Malaysia as Finance Manager in July 2018 and assumed her present position as Chief Financial Officer in Gosford Malaysia in March 2023.

Tan Ming Shing does not have any family relationship with any of our Directors and/or substantial shareholders.

Tan Ming Shing does not have any directorship or involvement in business activities outside of our Group as at the LPD as well as for the past 5 years up to the LPD, as disclosed in **Section 5.4.4(ii)** of this Prospectus.

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

5.4.4 Key Senior Management's principal directorships or principal business activities outside our Group

Save as disclosed below and the involvement of Directors which are detailed in **Section 5.2.3** of this Prospectus, our Key Senior Management does not have any principal directorships and principal business activities performed outside our Group as at the LPD or any other principal directorships outside of our Group that were held within the past 5 years up to the LPD:

(i) Chua Khe Gee

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shares held as at the LPD	
					Direct	Indirect
Bringgit Motors Sdn Bhd	Dealers in motorcars and vehicles ⁽¹⁾	Director	19 October 2016	-	-	-

Note:

(1) Inactive as there is no ongoing business activities as at the LPD.

(ii) Tan Ming Shing

Tan Ming Shing does not have any directorship or business activities performed outside of our Group as at the LPD as well as for the past 5 years and up to the LPD.

The involvement of our Key Senior Management in other directorships or business activities are not expected to affect their ability to perform their roles and responsibilities as Key Senior Management of our Group and will not affect their contributions to our Group as they are full-time employees of our Group and are principally involved in our Group's day-to-day operations.

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

5.4.5 Key Senior Management's remuneration and material benefits in-kind

The aggregate remuneration and material benefits-in-kind (including contingent or deferred remuneration) paid and proposed to be paid to Connie Go, Go Yoong Chang and Tan Sun Sun, who are also our Key Senior Management, for the FYE 2023 and FYE 2024 are set out in **Sections 5.2.4(i) and 5.2.4(ii)** of this Prospectus, respectively.

The aggregate remuneration and material benefits-in-kind (including contingent or deferred remuneration) (in bands of RM50,000) paid and proposed to be paid to our other Key Senior Management for services rendered in all capacities to our Group for the FYE 2023 and FYE 2024 are as follows:

Name	⁽¹⁾ Remuneration band	
	FYE 2023 (Paid)	⁽²⁾ FYE 2024 (Proposed)
	RM'000	
Chua Khe Gee	400 – 450	500 – 550
Tan Ming Shing	250 – 300	350 – 400

Notes:

- (1) The remuneration for Key Senior Management includes salaries, bonuses, allowances and other emoluments (such as employer's contribution to EPF, SOCSO and EIS).
- (2) Including bonuses for the FYE 2023 which were and will be paid in FYE 2024. Bonuses for the FYE 2024 will be determined at a later date based on the individual's performance as well as our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

5.4.6 Service Contracts

As at the LPD, there are no existing and/or proposed service contracts entered or to be entered between our Group and our Directors or Key Senior Management, which provide for benefits upon termination of employment.

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

5.5 DECLARATION FROM OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors and Key Senior Management is or has been involved in any of the following events (whether in or outside Malaysia):

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

For information, there is an on-going litigation case involving Go Yoong Chang, our Non-Independent Executive Director, details as follows:

Kua Kee Koon (as "plaintiff" or "appellant") against ACE Dynamic Team Sdn Bhd ("ACE Dynamic") & Go Yoong Chang (collectively as the "defendants" or "respondents")

On 24 November 2021, the plaintiff (a minority shareholder of ACE Dynamic) filed an originating summons under Section 346 of the Act (Remedy in cases of an oppression), where he alleged that the affairs of ACE Dynamic conducted through or involving Go Innovate and Go Capital were carried out in an oppressive and/or unfair manner and Go Yoong Chang (as the Director of Go Innovate and the former Director of ACE Dynamic and Go Capital) had exercised his power oppressively and prejudicial to the plaintiff's rights as a minority shareholder of ACE Dynamic. The plaintiff had also sought a declaration that Go Yoong Chang is required to buy all of the plaintiff's shares in ACE Dynamic at a fair value to be determined by an independent valuer and/or alternatively, an order of winding up be given against ACE Dynamic and the assets of ACE Dynamic to be distributed based on shareholdings, as well as payment of general damages to the plaintiff to be assessed by the High Court.

On 25 July 2022, the plaintiff's claim was dismissed by the High Court based on, among others, the following grounds and the High Court delivered its decision in favour of the defendants ("**Decision**"):

- (a) there is no connection between the plaintiff's claim (which revolves around Go Capital) against the defendants as the plaintiff was not and is not a registered shareholder of Go Capital;

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

- (b) the non-joinder of Go Innovate, Go Capital, ACE Global Metal Sdn Bhd, Go Assay Sdn Bhd (formerly known as ACE Assay (M) Sdn Bhd) and Ong Li Ling (the plaintiff's spouse and who was a registered shareholder of Go Capital) is fatal to the plaintiff's case; and
- (c) there were no acts of oppression by the defendants against the plaintiff, based on the above basis.

On 17 August 2022, the plaintiff/appellant filed an appeal against the Decision at the Court of Appeal ("**Appeal**"). The appellant had also filed a notice of motion ("**Notice of Motion**") on 14 August 2023 to produce additional documents as fresh evidence for the Court of Appeal's consideration, which was allowed by the Court of Appeal on 13 March 2024. The Court of Appeal directed that the appellant is allowed to include his additional documents in the supplementary record of appeal and that the respondents may file their notice of motion if necessary.

During the case management on 23 April 2024, the Court of Appeal has set the hearing date for the Appeal on 14 April 2025. The Appeal case is expected to be concluded after the hearing of the Appeal and the decision of the Court of Appeal is expected to be delivered by the 2nd quarter of 2025.

The solicitors acting for the defendants/respondents ("**Defendants' Solicitors**") are of the view that there is a relatively good chance of success and likelihood that the Appeal will be dismissed on the basis that the High Court judge had sufficiently considered the evidence before him in deciding the Decision.

However, if the plaintiff/appellant is successful in his Appeal to the Court of Appeal, there is a likelihood that the Court of Appeal may order, among others, Go Yoong Chang to purchase the plaintiff's/appellant's shares held in ACE Dynamic at fair value to be assessed by an independent valuer.

Pending the outcome of the Appeal, the Defendants' Solicitors have opined that the High Court's Decision remains binding (until the Court of Appeal overturns the decision of the High Court) and therefore there is no minority oppression claim successfully made against the defendants/respondents, particularly towards Go Yoong Chang.

Based on the Decision and the opinion from the Defendants' Solicitors, our Company and our Board (save for Go Yoong Chang) do not foresee the abovementioned Appeal will affect Go Yoong Chang's integrity and suitability to be a Director of our Company in view that the High Court's Decision remains binding, being no conduct of minority oppression by Go Yoong Chang towards the plaintiff/appellant.

If the Appeal is successful and the Decision is overturned and after taking into consideration of the plaintiff/appellant's relief sought in the Appeal, our Company and our Board (save for Go Yoong Chang) are collectively of the view that it will not have any material impact on Go Yoong Chang to continue to act in the capacity as a Director of our Company, as one of the reliefs sought will be for Go Yoong Chang to buy the plaintiff/appellant's shares held in ACE Dynamic at fair value to be assessed by an independent valuer and/or ACE Dynamic to be wound up.

If ACE Dynamic is ordered to be wound up, our Company and our Board (save for Go Yoong Chang) are of the view that it also has no impact on Go Yoong Chang as he is merely a shareholder of ACE Dynamic and all assets of ACE Dynamic will be distributed among the shareholders of ACE Dynamic, which is part of the reliefs sought by the plaintiff/appellant in his claims.

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

5.6 RELATIONSHIPS AND/OR ASSOCIATIONS BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no family relationships and associations among our Promoters, substantial shareholders, Directors and Key Senior Management as at the LPD:

Name	Position/ capacity	Relationship/ association
Connie Go	Promoter, substantial shareholder, Non-Independent Executive Director and Chief Executive Officer	<ul style="list-style-type: none"> • Sister of Go Yoong Chang • Sister-in-law of Tan Sun Sun
Go Yoong Chang	Promoter, substantial shareholder and Non-Independent Executive Director	<ul style="list-style-type: none"> • Brother of Connie Go • Brother-in-law of Tan Sun Sun
Tan Sun Sun	Promoter, substantial shareholder and Non-Independent Executive Director	<ul style="list-style-type: none"> • Sister-in-law of Connie Go and Go Yoong Chang

5.7 MANAGEMENT SUCCESSION PLAN

Our Group has adopted a succession planning policy and succession plan, which is an ongoing strategic approach of our Group to ensure that the necessary talent and skills will be available when needed, and that essential knowledge and abilities will be maintained when employees in critical positions leave.

Our Group has put in place a process for:

- (a) identifying critical position to achieve operational and strategic goals;
- (b) anticipating gaps due to retirement and other factors;
- (c) defining the qualified and competencies required;
- (d) preparing employees to be "the best can be" for emerging opportunities; and
- (e) timely transfer of knowledge.

Our Group, in implementing this process, aims to:

- (i) ensure that our Group is prepared with a plan to support operation and service continuity when our Executive Director, Key Senior Management or key managers leave their positions;
- (ii) ensure a continued supply of qualified candidates to fill critical positions within our Group;
- (iii) deliver our Group's commitments and priorities and achieving operational and strategic goals for those positions which are instrumental;
- (iv) meet the competency for critical positions that have been identified through the succession planning process among high potential candidates who are being developed; and
- (v) develop career paths for employees which will facilitate our Group's ability to recruit and retain top-performing or high talent employees.

The Nomination Committee shall report to our Board once a year and may review the succession planning policy from time to time as the committee deems necessary.

6. INFORMATION ON OUR GROUP

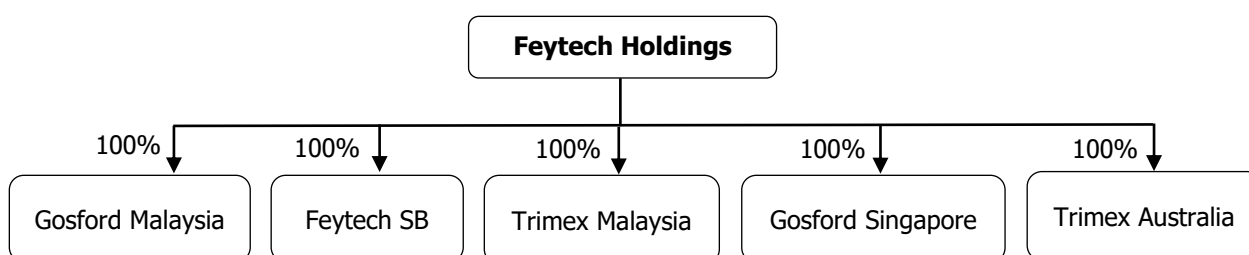
6.1 OUR COMPANY

Our Company was incorporated in Malaysia under the Act on 11 April 2023 as a private limited company under the name of Feytech Holdings Sdn Bhd. On 24 August 2023, our Company was converted to a public limited company for our Listing and assumed our present name.

Our Company is an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to the LPD. Through our Subsidiaries, we are principally an automotive cover manufacturer and automotive seat manufacturer based in Malaysia. Please refer to **Section 6.5** for detailed information of our Subsidiaries.

As part of the Pre-IPO Restructuring Exercise, our Company had acquired the entire equity interest in Gosford Malaysia, Feytech SB, Trimex Malaysia, Gosford Singapore and Trimex Australia as set out in **Section 6.2** of this Prospectus.

As at the LPD, our Group's corporate structure is as follows:



6.2 DETAILS OF THE PRE-IPO RESTRUCTURING EXERCISE

To facilitate our Listing, we undertook the Pre-IPO Restructuring Exercise comprising the Acquisitions and the Share Split.

6.2.1 Acquisitions

(a) Acquisition of Gosford Malaysia

On 3 September 2023, our Company entered into a conditional share sale agreement to acquire all the 600,100 ordinary shares in Gosford Malaysia, representing the entire equity interest in Gosford Malaysia, held by the Gosford Malaysia Vendors for a total purchase consideration of RM77,549,399, which was fully satisfied by the allotment and issuance of 77,549,399 new Shares at an issue price of RM1.00 each to the Gosford Malaysia Vendors as follows:

Gosford Malaysia Vendors	Shareholdings in Gosford Malaysia		Purchase consideration RM	No. of new Shares issued
	No. of shares held	%		
Tan Sun Sun	300,050	50.0	38,774,699	38,774,699
Go Yoong Chang	252,042	42.0	32,570,748	32,570,748
Connie Go	48,008	8.0	6,203,952	6,203,952
Total	600,100	100.0	77,549,399	77,549,399

The total purchase consideration of RM77,549,399 for the Acquisition of Gosford Malaysia was arrived at after taking into consideration the audited NA of Gosford Malaysia as at 31 December 2022 of RM77,549,493.

6. INFORMATION ON OUR GROUP (CONT'D)**(b) Acquisition of Feytech SB**

On 3 September 2023, our Company entered into a conditional share sale agreement to acquire all the 300,000 ordinary shares in Feytech SB, representing the entire equity interest in Feytech SB, held by the Feytech SB Vendors for a total purchase consideration of RM1.00 which was fully paid and settled in cash as follows:

Feytech SB Vendors	Shareholdings in Feytech SB		Purchase consideration
	No. of shares held	%	RM
Tan Sun Sun	150,000	50.0	0.50
Careen Tan Kai Lin ⁽¹⁾	150,000	50.0	0.50
Total	300,000	100.0	1.00

Note:

(1) She is the spouse of Go Yoong Chang.

The total purchase consideration of RM1.00 for the Acquisition of Feytech SB was arrived at after taking into consideration the audited net liabilities of Feytech SB as at 31 December 2022 of RM1,347,202.

(c) Acquisition of Trimex Malaysia

On 3 September 2023, our Company entered into a conditional share sale agreement to acquire all the 80,000 ordinary shares in Trimex Malaysia, representing the entire equity interest in Trimex Malaysia, held by the Trimex Malaysia Vendors for a total purchase consideration of RM8,290,900.00, which was fully satisfied by the allotment and issuance of 8,290,900 new Shares at an issue price of RM1.00 each to the Trimex Malaysia Vendors and Connie Go (the nominated recipient by the Trimex Malaysia Vendors to receive part of the new Shares issued pursuant to the Acquisition of Trimex Malaysia) as follows:

Trimex Malaysia Vendors and nominated recipient	Shareholdings in Trimex Malaysia		Purchase consideration	No. of new Shares issued
	No. of shares held	%	RM	
Tan Sun Sun	56,000	70.0	5,803,630	3,906,151
Go Yoong Chang	24,000	30.0	2,487,270	2,189,902
Connie Go	-	-	-	2,194,847 ⁽¹⁾
Total	80,000	100.0	8,290,900	8,290,900

Note:

(1) The new Shares issued and received by Connie Go as the nominated recipient pursuant to the Acquisition of Trimex Malaysia.

The total purchase consideration of RM8,290,900 for the Acquisition of Trimex Malaysia was arrived at after taking into consideration the audited NA of Trimex Malaysia as at 31 December 2022 of RM8,290,977.

6. INFORMATION ON OUR GROUP (CONT'D)**(d) Acquisition of Gosford Singapore**

On 3 September 2023, our Company entered into a conditional share sale agreement to acquire all the 250,000 ordinary shares in Gosford Singapore, representing the entire equity interest in Gosford Singapore, held by Gosford Singapore Vendors for a total purchase consideration of RM1,165,500 which was fully satisfied by the allotment and issuance of 1,165,500 new Shares at an issue price of RM1.00 each to the Gosford Singapore Vendors as follows:

Gosford Singapore Vendors	Shareholdings in Gosford Singapore		Purchase consideration	No. of new Shares issued
	No. of shares held	%	RM	
Tan Sun Sun	125,000	50.0	582,750	582,750
Connie Go	75,000	30.0	349,650	349,650
Go Yoong Chang	50,000	20.0	233,100	233,100
Total	250,000	100.00	1,165,500	1,165,500

The total purchase consideration of RM1,165,500 for the Acquisition of Gosford Singapore was arrived at after taking into consideration the audited NA of Gosford Singapore as at 31 December 2022 of SGD355,988, equivalent to approximately RM1,165,505 based on the exchange rate of SGD1:RM3.2740 as at 31 December 2022.

(e) Acquisition of Trimex Australia

On 3 September 2023, our Company entered into a conditional share sale agreement to acquire all the 100 ordinary shares in Trimex Australia, representing the entire equity interest in Trimex Australia, held by Tan Sun Sun for a total purchase consideration of RM478,600 which was fully satisfied by the allotment and issuance of 478,600 new Shares at an issue price of RM1.00 each to Tan Sun Sun as follows:

Vendor	Shareholdings in Trimex Australia		Purchase consideration	No. of new Shares issued
	No. of shares held	%	RM	
Tan Sun Sun	100	100.00	478,600	478,600

The total purchase consideration of RM478,600 for the Acquisition of Trimex Australia was arrived at after taking into consideration the audited NA of Trimex Australia as at 31 December 2022 of AUD160,394, equivalent to approximately RM478,663 based on the exchange rate of AUD1:RM2.9843 as at 31 December 2022.

A summary of the number of new Shares issued to the vendors for the Acquisitions (including the new Shares issued pursuant to the Acquisition of Trimex Malaysia to Connie Go as nominated by the Trimex Malaysia Vendors) is as follows:

Vendors	No. of new Shares issued	%⁽¹⁾
Tan Sun Sun	43,742,200	50.0
Goh Yoong Chang	34,993,750	40.0
Connie Go	8,748,449	10.0
Total	87,484,399	100.0

Note:

- (1) Based on our total number of 87,484,400 Shares after the completion of the Acquisitions but before the Share Split.

6. INFORMATION ON OUR GROUP (CONT'D)

The Acquisitions were completed on 11 March 2024. Thereafter, Gosford Malaysia, Feytech SB, Trimex Malaysia, Gosford Singapore and Trimex Australia became our wholly-owned subsidiaries.

The new Shares issued under the Acquisitions rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

6.2.2 Share Split

Following the completion of the Acquisitions, we subdivided our 87,484,400 Shares into 699,875,200 Shares on the basis of every one (1) existing Share was subdivided into eight (8) Shares to facilitate and enhance the liquidity of our Shares at the time of our Listing.

The Share Split was completed on 25 March 2024, the resultant number of Shares in the issued share capital of our Company was 699,875,200 Shares and the number of Shares held by our Promoters had increased based on their respective shareholding in our Company after the Acquisitions. Nevertheless, the Share Split had not resulted in any change to our Company's cumulative value of issued share capital or the Promoters' effective shareholdings in our Company.

6.3 SHARE CAPITAL

As at the LPD, our issued share capital is RM87,484,400 comprising 699,875,200 Shares. Our Company does not have any treasury shares as at the LPD.

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

Date of allotment	No. of Shares allotted	Consideration	Nature of transaction	Cumulative issued share capital	
				No. of Shares	RM
11 April 2023	1	Cash	Subscriber's Share	1	1
11 March 2024	87,484,399	Otherwise than cash	Acquisitions	87,484,400	87,484,400
25 March 2024	-	-	Share Split ⁽¹⁾	699,875,200	87,484,400

Note:

(1) Subdivision of 1 existing Share into 8 Shares.

There were no discounts, special terms or instalment payment terms given in respect of the consideration for the allotments.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company.

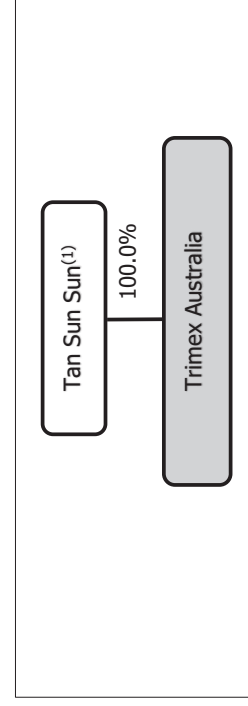
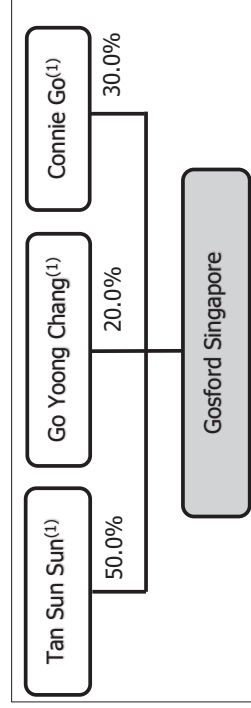
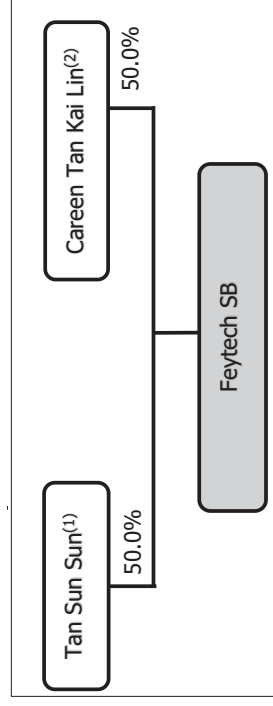
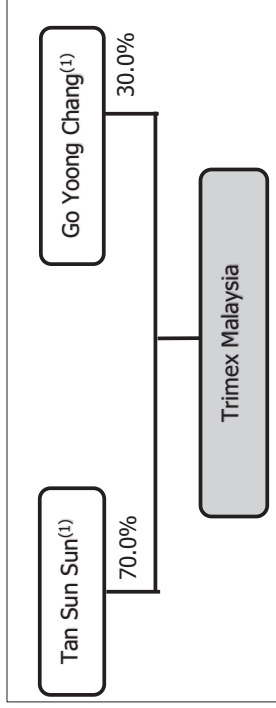
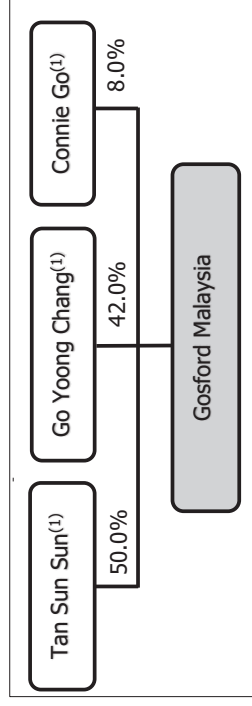
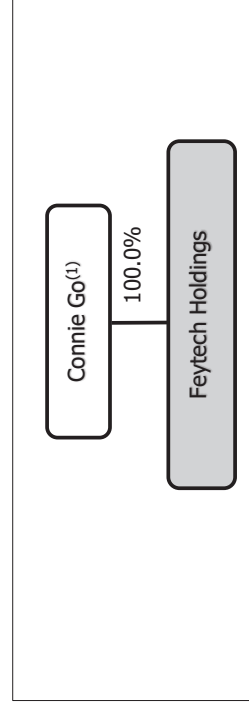
Upon the completion of our IPO, our enlarged issued share capital will increase from RM87,484,400 comprising 699,875,200 Shares to RM202,144,240 comprising 843,200,000 Shares.

6. INFORMATION ON OUR GROUP (CONT'D)

6.4 OUR SHAREHOLDERS AND GROUP STRUCTURE

Before the Pre-IPO Restructuring Exercise

Prior to the completion of the Pre-IPO Restructuring Exercise, the shareholding structures of Feytech Holdings, Gosford Malaysia, Feytech SB, Trimex Malaysia, Gosford Singapore and Trimex Australia are as follows:



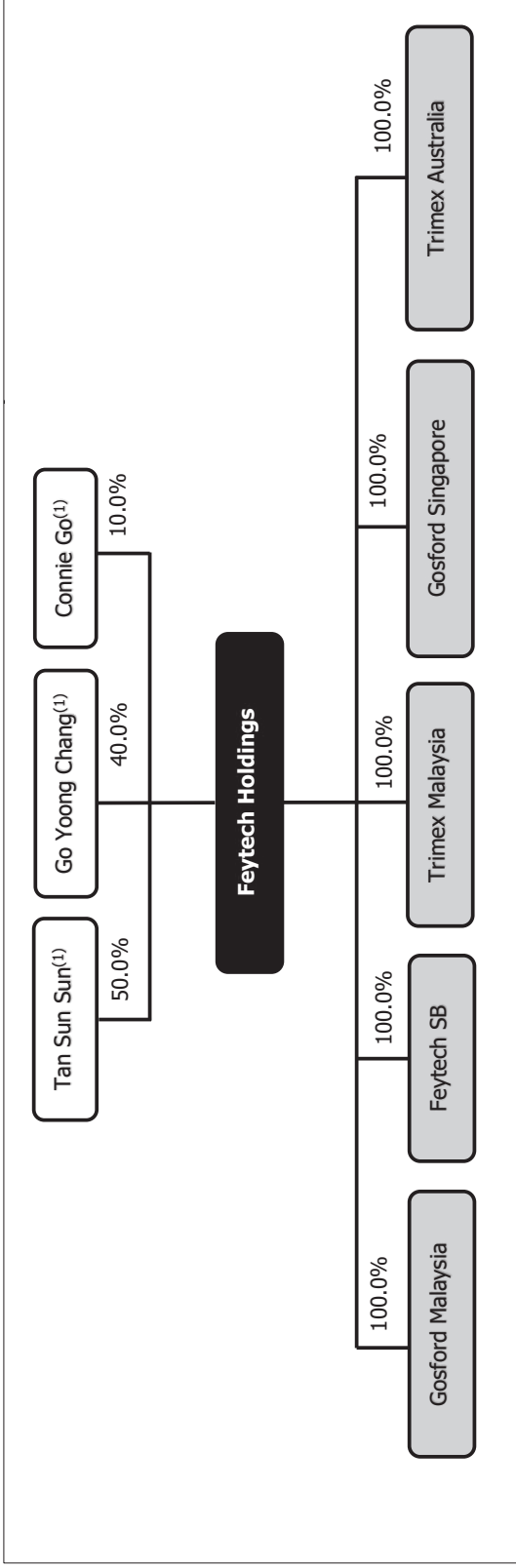
Notes:

- (1) Their respective profile is set out in **Section 5.1.2** of this Prospectus.
- (2) She is the spouse of Go Yoong Chang.

6. INFORMATION ON OUR GROUP (CONT'D)

After the Pre-IPO Restructuring Exercise but before our IPO

The Acquisitions and the Share Split were completed on 11 March 2024 and 25 March 2024 respectively and our Group structure and the shareholdings of our Promoters in our Company are as follows:



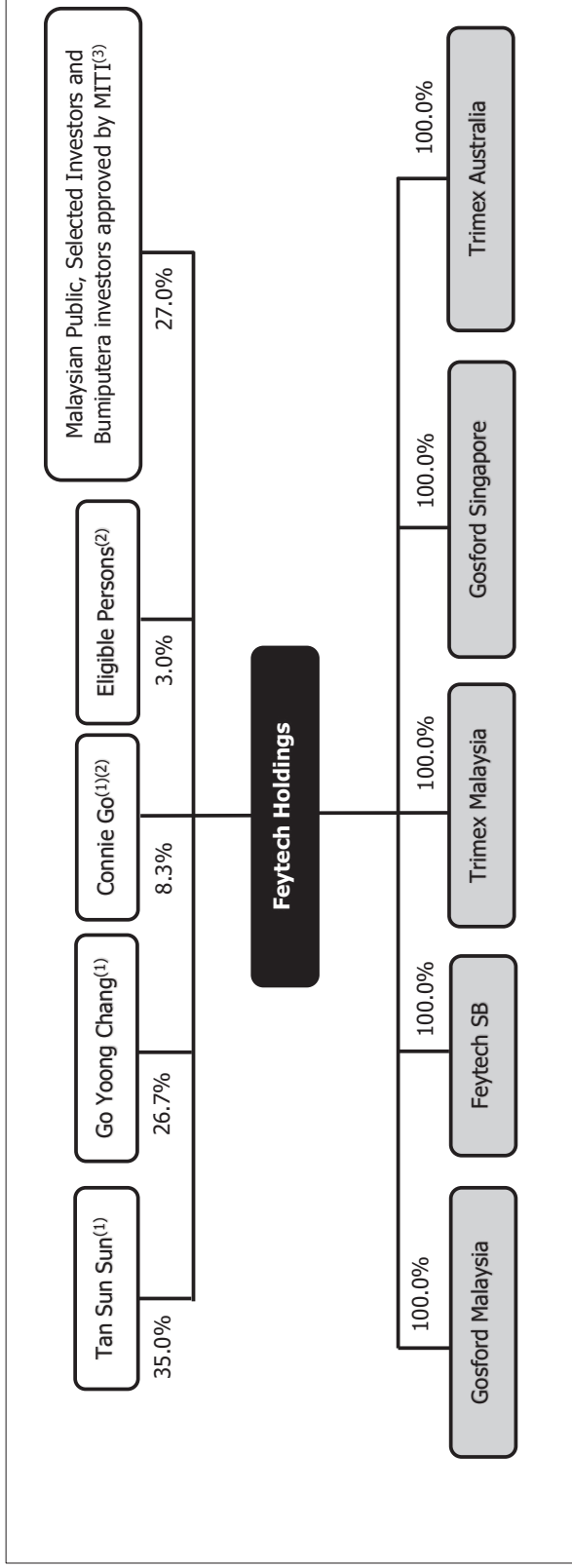
Note:

(1) Their respective profile is set out in **Section 5.1.2** of this Prospectus.

6. INFORMATION ON OUR GROUP (CONT'D)

After our IPO

Our Group structure following the completion of our IPO will be as follows:



Notes:

- (1) Their respective profile is set out in **Section 5.1.2** of this Prospectus.
- (2) Assuming the 25,296,000 Shares allocated to the Eligible Persons under the Pink Form Allocation are fully subscribed.
- (3) Assuming the 227,644,800 Shares allocated to the Malaysian Public via balloting and private placement to the Selected Investors and Bumiputera investors approved by MITI are fully subscribed.

6. INFORMATION ON OUR GROUP (CONT'D)**6.5 INFORMATION ON OUR SUBSIDIARIES**

As at the LPD, the details of our Subsidiaries are as follows:

Name and registration no.	Date / Place of incorporation	Principal place of business	Issued share capital	Equity interest	Principal activities
Gosford Malaysia 200201018361 (586024-T)	11 July 2002 / Malaysia	Johor Bahru, Malaysia	RM600,100 comprising 600,100 ordinary shares	100%	Manufacturing and installation of automotive upholstery products
Feytech SB 202101012079 (1412378-M)	1 April 2021/ Malaysia	Kedah, Malaysia	RM300,000 comprising 300,000 ordinary shares	100%	Manufacturing and sale of automotive seats and other parts
Trimex Malaysia 200901034378 (877487-P)	3 November 2009 / Malaysia	Selangor, Malaysia	RM80,000 comprising 80,000 ordinary shares	100%	Marketing and sale of automotive upholstery products and accessories
Gosford Singapore 200716872G	13 September 2007/ Singapore	Singapore	SGD250,000 comprising 250,000 ordinary shares	100%	Installation, marketing and sale of automotive upholstery products and accessories
Trimex Australia ACN131629957	16 June 2008/ Australia	Sydney, Australia	AUD100 comprising 100 ordinary shares	100%	Wholesale of automotive upholstery products and accessories

As at the LPD, our Company does not have any joint venture or associate company.

6.5.1 Gosford Malaysia**(i) History and business**

Gosford Malaysia was incorporated in Malaysia under the Companies Act 1965 on 11 July 2002 as a private limited company and is deemed registered under the Act.

Gosford Malaysia is principally involved in the manufacturing and installation of automotive upholstery products. Gosford Malaysia's principal place of business is in Tampoi, Johor Bahru, Malaysia.

6. INFORMATION ON OUR GROUP (CONT'D)**(ii) Share capital**

As at the LPD, the issued share capital of Gosford Malaysia is RM600,100 comprising 600,100 ordinary shares. There has been no change in the issued share capital of Gosford Malaysia during the FY Under Review and up to the LPD.

As at the LPD, Gosford Malaysia does not have any outstanding warrants, options, convertibles securities or uncalled capital.

(iii) Shareholder

As at the LPD, Gosford Malaysia is a wholly-owned subsidiary of our Company.

(iv) Directors

As at the LPD, the Directors of Gosford Malaysia are Connie Go and Go Yoong Chang.

(v) Subsidiary, joint venture and associate company

As at the LPD, Gosford Malaysia does not have any subsidiary, joint venture or associate company.

6.5.2 Feytech SB**(i) History and business**

Feytech SB was incorporated in Malaysia under the Act on 1 April 2021 as a private limited company.

Feytech SB is principally involved in the manufacturing and sale of automotive seats and other parts. Feytech SB's principal place of business is in Kulim, Kedah, Malaysia.

(ii) Share capital

As at the LPD, the issued share capital of Feytech SB is RM300,000 comprising 300,000 ordinary shares.

The details of changes in the issued share capital of Feytech SB since its date of incorporation up to the LPD are as follows:

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Consideration</u>	<u>Nature of transaction</u>	<u>RM</u>	<u>No. of shares</u>
1 April 2021	100	Cash	Subscriber's shares	100	100
26 August 2021	299,900	Cash	Allotment of shares	299,900	299,900
			Total issued share capital	<u>300,000</u>	<u>300,000</u>

As at the LPD, Feytech SB does not have any outstanding warrants, options, convertibles securities or uncalled capital.

6. INFORMATION ON OUR GROUP (CONT'D)

(iii) Shareholder

As at the LPD, Feytech SB is a wholly-owned subsidiary of our Company.

(iv) Directors

As at the LPD, the Directors of Feytech SB are Connie Go and Chua Khe Gee.

(v) Subsidiary, joint venture and associate company

As at the LPD, Feytech SB does not have any subsidiary, joint venture or associate company.

6.5.3 Trimex Malaysia

(i) History and business

Trimex Malaysia was incorporated in Malaysia under the Companies Act 1965 on 3 November 2009 as a private limited company and is deemed registered under the Act.

Trimex Malaysia is principally involved in the marketing and sale of automotive upholstery products and accessories. Trimex Malaysia's principal place of business is in Petaling Jaya, Selangor, Malaysia.

(ii) Share capital

As at the LPD, the issued share capital of Trimex Malaysia is RM80,000 comprising 80,000 ordinary shares. There has been no change in the issued share capital of Trimex Malaysia during the FY Under Review and up to the LPD.

As at the LPD, Trimex Malaysia does not have any outstanding warrants, options, convertibles securities or uncalled capital.

(iii) Shareholder

As at the LPD, Trimex Malaysia is a wholly-owned subsidiary of our Company.

(iv) Directors

As at the LPD, the Directors of Trimex Malaysia are Connie Go, Go Yoong Chang and Tan Sun Sun.

(v) Subsidiary, joint venture and associate company

As at the LPD, Trimex Malaysia does not have any subsidiary, joint venture or associate company.

6.5.4 Gosford Singapore

(i) History and business

Gosford Singapore was incorporated in Singapore as an exempt private limited company under the Singapore Companies Act 1967 on 13 September 2007.

6. INFORMATION ON OUR GROUP (CONT'D)

Gosford Singapore is principally involved in the installation, marketing and sale of automotive upholstery products and accessories. Gosford Singapore's principal place of business is in Singapore.

(ii) Share capital

As at the LPD, the issued share capital of Gosford Singapore is SGD250,000 comprising 250,000 ordinary shares. There has been no change in the issued share capital of Gosford Singapore during the FY Under Review and up to the LPD.

As at the LPD, Gosford Singapore does not have any outstanding warrants, options, convertibles securities or uncalled capital.

(iii) Shareholder

As at the LPD, Gosford Singapore is a wholly-owned subsidiary of our Company.

(iv) Director

As at the LPD, the Director of Gosford Singapore is Connie Go.

(v) Subsidiary, joint venture and associate company

As at the LPD, Gosford Singapore does not have any subsidiary, joint venture or associate company.

6.5.5 Trimex Australia**(i) History and business**

Trimex Australia was incorporated in Australia under the Australian Corporations Act 2001 on 16 June 2008 as a proprietary company limited by shares.

Trimex Australia is principally involved in the wholesale of automotive upholstery products and accessories. Trimex Australia's registered address is in Sydney, New South Wales, Australia.

(ii) Share capital

As at the LPD, the issued share capital of Trimex Australia is AUD100 comprising 100 ordinary shares. There has been no change in the issued share capital of Trimex Australia during the FY Under Review and up to the LPD.

As at the LPD, Trimex Australia does not have any outstanding warrants, options, convertibles securities or uncalled capital.

(iii) Shareholder

As at the LPD, Trimex Australia is a wholly-owned subsidiary of our Company.

(iv) Directors

As at the LPD, the Directors of Trimex Australia are Connie Go, Tan Sun Sun and Ng Joo Leong.

6. INFORMATION ON OUR GROUP (CONT'D)

(v) Subsidiary, joint venture and associate company

As at the LPD, Trimex Australia does not have any subsidiary, joint venture or associate company.

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7. BUSINESS OVERVIEW

7.1 HISTORY AND BACKGROUND

7.1.1 Overview of our Group

Our Company was incorporated in Malaysia under the Act on 11 April 2023 as a private limited company under the name of Feytech Holdings Sdn Bhd. On 24 August 2023, our Company was converted to a public limited company for our Listing and assumed our present name. Our Company became the investment holding company of Gosford Malaysia, Feytech SB, Trimex Malaysia, Gosford Singapore and Trimex Australia following the completion of the Acquisitions on 11 March 2024.

Through our Subsidiaries, we are principally an automotive cover manufacturer and automotive seat manufacturer based in Malaysia.

Automotive covers refer to the covers installed on automotive seats and interior parts. Automotive seats are seats specially designed and built for automotive vehicles. Meanwhile, interior parts refer to components found in the interior of an automotive vehicle such as door ornaments, steering wheels, gear knobs, handbrake handles and consoles. Automotive covers provide comfort and enhance the attractiveness of the vehicle, while ensuring the functionality of the components is not affected.

Our Group's products under its automotive cover division include both automotive covers (which are covers sold without the automotive seats and interior parts) and automotive covers sold with interior parts. For avoidance of doubt, the interior parts which form part of the automotive covers sold with interior parts by our Group, are procured by our Group from suppliers appointed by automotive vehicle OEMs and not manufactured by our Group.

We mainly manufacture automotive covers for the OEM market segment. Revenue from the automotive covers from the OEM market segment comprised between 84.6% and 88.6% of our Group's revenue for the automotive cover division during the FY Under Review. Customers in the OEM market segment comprises automotive vehicle OEMs such as Mazda Malaysia (for Mazda 3, CX-5, CX-8 and CX-30 car models) and Kia Malaysia (for Kia Carnival and Sorento car models), as well as Tier 1 automotive seat and/or interior part manufacturers which serve automotive vehicle OEMs for brands such as Local OEM, Mazda and Hyundai. Examples of Tier 1 automotive seat and/or interior part manufacturers include APM companies, Adient companies and Delloyd companies.

We also manufacture automotive covers for the PDI and REM market segments. The customer base for these market segments comprises automotive distributors, car owners, used car dealers, importers, automotive dealers, car accessory retailers and automotive cover installers.

Meanwhile, our Group's automotive seats are manufactured for automotive vehicle OEMs as Feytech SB is a Tier 1 automotive seat and/or interior part manufacturer.

The sales from our automotive cover division to the OEM and PDI market segments and sales from our automotive seat division to the OEM market segment are solely generated from Malaysia. Meanwhile, our Group sells its automotive covers to the REM market segment in Malaysia as well as international markets (which contributed approximately 12.5%, 9.5%, 5.2% and 3.0% to our Group's total revenue for the FY Under Review), namely Singapore, Australia, New Zealand, the United States and Netherlands.

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7. BUSINESS OVERVIEW (CONT'D)

7.1.2 Our history

Our Group's history can be traced back to the incorporation of Gosford Malaysia by our late co-founder and Director, Go Yoong Fei together with 2 other co-founders and shareholders, Goh Joo Sheong and Wong Seow Loo, in 2002. Goh Joo Sheong and Wong Seow Loo, who are relatives to the late Go Yoong Fei, were also Directors in Gosford Malaysia. At the point of incorporation, the late Go Yoong Fei, Goh Joo Sheong and Wong Seow Loo each held 35.0%, 35.0% and 30.0% equity shareholding in Gosford Malaysia. Goh Joo Sheong and Wong Seow Loo had in 2009, disposed part of their shares in Gosford Malaysia to the late Go Yoong Fei with remaining shareholdings in Gosford Malaysia of 10.0% respectively. In 2018, they resigned as Directors in Gosford Malaysia and disposed all their remaining shares in Gosford Malaysia to Go Yoong Chang and Tan Sun Sun.

At that time, Gosford Malaysia manufactured and sold automotive covers to the REM market segment, where automotive covers are replaced and/or repaired for used automotive vehicles for car owners, used car dealers, importers, automotive dealers, car accessory retailers and automotive cover installers. It operated out of a rented property with a manufacturing facility located at Jalan Tun Abdul Razak, Johor Bahru, Johor, Malaysia which had an annual manufacturing capacity of approximately 11,500 meters of automotive cover material. Its manufacturing facility then had 11 sewing machines and its material cutting process was carried out manually.

Gosford Malaysia began securing sales from the REM market segment in Malaysia upon its incorporation in 2002. In 2003, it began to secure orders for automotive covers from the REM market segment in international markets such as the United Kingdom and New Zealand.

In 2004, Gosford Malaysia set up another sales and installation hub in Kuchai Lama, Kuala Lumpur to cater for its customers in Kuala Lumpur and Selangor.

In 2005, the utilisation rate of Gosford Malaysia's manufacturing facility was approximately 86.0%. In light of its plan to expand into the REM market segment in Australia and increasing orders from its customers in Malaysia, Gosford Malaysia relocated its manufacturing facility from Jalan Tun Abdul Razak, Johor Bahru, Johor to Masai Plant, which is also a rented property, in 2006 and acquired 29 new sewing machines to facilitate further expansion of its operations. Accordingly, its annual manufacturing capacity of automotive cover material increased from approximately 31,350 meters in 2005 to approximately 41,800 meters in 2006, and its Technical Development and Production departments grew from 24 persons in 2005 to 61 persons in 2006. Gosford Malaysia began to secure orders for automotive covers from the REM market segment customers in Australia in 2006. Meanwhile, sales from customers in Malaysia continued to grow and its revenues grew from RM1.4 million in the FYE 2003 to RM9.0 million in the FYE 2006.

Despite the new addition of sewing machines at the Masai Plant in 2006, the utilisation rate of Gosford Malaysia's manufacturing facility was approximately 87.0%. In order to further expand its annual manufacturing capacity and improve operational efficiency, Gosford Malaysia began to automate the cutting process when it acquired its first automated cutting machinery in 2007. Gosford Malaysia later acquired another automated cutting machinery in the following year. The automated cutting machineries enabled it to enhance its operational efficiency and with the automatic nesting software integrated with the machineries, Gosford Malaysia was able to optimise the utilisation of its materials. By then, its manufacturing facility had increased to 58 sewing machines. With the acquisition of the new automated cutting machineries, the annual manufacturing capacity of its manufacturing facility increased from approximately 41,800 meters in 2006 to approximately 263,100 meters of automotive cover material in 2008. With an annual manufacturing capacity of 263,100 meters, the utilisation rate of Gosford Malaysia's manufacturing facility was approximately 49.0% in 2008.

In the meantime, recognising the potential to sell its automotive covers to the REM market segment in Singapore, the present Chief Executive Officer, Connie Go, who is also the sister of the late Go Yoong Fei, set up Gosford Singapore in 2007 to market and sell automotive covers to the REM market segment in Singapore. Gosford Singapore set up Singapore Hub in the same year, which allowed Gosford Singapore to market, sell and install automotive covers manufactured by Gosford Malaysia at its factory located at Masai Plant in Malaysia for customers based in Singapore.

7. BUSINESS OVERVIEW (CONT'D)

Meanwhile, the late Go Yoong Fei also set up Trimex Australia in 2008, to facilitate the marketing and sale of automotive covers to the REM market segment in Australia.

In 2009, the late Go Yoong Fei and late Ng Yew Chung, who was a relative of the late Go Yoong Fei, set up Trimex Malaysia to grow sales of automotive covers from customers in Kuala Lumpur and Selangor.

Subsequently, the sales and installation hub in Kuchai Lama, Kuala Lumpur was relocated to PJ Hub in 2010.

Gosford Malaysia secured its first order from the OEM market segment, when it first began to manufacture and supply automotive covers to one of the companies under APM companies, a Tier 1 automotive seat and/or interior part manufacturer in 2012. The order entailed manufacturing automotive covers for Mazda 3 car models. Gosford Malaysia's first order from the OEM market segment paved the way for Gosford Malaysia to fulfil other orders from the OEM market segment. Gosford Malaysia subsequently manufactured and supplied automotive covers for one of the Local OEM's car models in 2015.

In 2015, Gosford Malaysia secured its first order from the PDI market segment when it first secured an order from Perodua Sales Sdn Bhd, an automotive distributor. Later in the year, Trimex Malaysia secured an order from the PDI market segment from Ilusi Mantap Sdn Bhd, a car accessory retailer. The orders from the PDI market segment entails replacing and restyling automotive covers for automotive vehicles prior to the automotive vehicle being registered with the Road Transport Department Malaysia (i.e. Jabatan Pengangkutan Jalan Malaysia), and the customers of this segment include automotive distributors and car accessory retailers.

In 2018, Tan Sun Sun acquired all shares held by her late husband, Go Yoong Fei in Trimex Australia. In 2019, Connie Go, the late Go Yoong Fei's sister, was designated as the acting Chief Executive Officer after being identified as the successor to the late Go Yoong Fei.

Upon passing of the late Go Yoong Fei in 2019, the equity shareholding held by the late Go Yoong Fei in Gosford Malaysia was transmitted to his spouse, Tan Sun Sun; brother, Go Yoong Chang; and sister, Connie Go. Pursuant thereto, Tan Sun Sun, Go Yoong Chang and Connie Go held 50.0%, 42.0% and 8.0% equity shareholdings of Gosford Malaysia, respectively. In the same year, the equity shareholdings held by the late Go Yoong Fei in Trimex Malaysia was transmitted to Tan Sun Sun and Go Yoong Chang. Thereafter, Connie Go was appointed as a Director in Gosford Malaysia, Trimex Malaysia, Feytech SB and Trimex Australia in 2022.

Despite the above changes, our Group continued to achieve new milestones. As Gosford Malaysia's utilisation rate of its manufacturing facility was at approximately 88.0% in 2018, it acquired additional new automated cutting machineries and sewing machines due to higher anticipated demand from its existing customers in the OEM market segment. By 2020, it had 8 automated cutting machineries and 150 sewing machines, which expanded its annual manufacturing capacity from approximately 263,100 meters in 2008 to 1.1 million meters of automotive cover material in 2020. With an annual manufacturing capacity of 1.1 million meters of automotive cover material in 2020, Gosford Malaysia's manufacturing facility had a utilisation rate of 61.1%. Gosford Malaysia relocated to the Tampoi Plant in 2020 upon the expiry of the tenancy for the Masai Plant and to cater for its business expansion. We later acquired an additional automated cutting machinery in June 2023, thus expanding its annual manufacturing capacity to approximately 1.2 million meters in 2023.

In 2021, our Group expanded downstream and ventured into the manufacturing of automotive seats and Feytech SB was incorporated to facilitate this expansion. Feytech SB secured its first contract from Kia Malaysia to manufacture automotive seats for the Kia Carnival car models in the same year. Following the contract, our Group set up Kulim Plant 1 in line with the manufacturing requirements for the said project. Feytech SB later secured another automotive seat contract from Mazda Malaysia for the manufacturing of automotive seats for the Mazda CX-30 car model in 2022.

7. BUSINESS OVERVIEW (CONT'D)

In July 2023, we secured another contract from Stellantis Gurun (Malaysia) Sdn Bhd to manufacture automotive seats for their car model (i.e., a French automotive vehicle brand). We also secured a contract from a multinational automotive vehicle OEM in Malaysia in October 2023 and a multinational automotive vehicle OEM in Indonesia in January 2024 to manufacture automotive seats for their car models. Further details on the status in respect of these contracts are set out in **Section 7.27.1** of this Prospectus.

Following the new contracts secured for our automotive seat business segment, we require a larger floor space to cater for increasing orders of automotive seats. As such, we acquired a land in Padang Serai, Kulim, Kedah in October 2023 for the setting up of Kulim Plant 2, as detailed in **Section 7.27.1** of this Prospectus.

In order to facilitate the Listing, our Company was established in 2023 with the intention to acquire Gosford Malaysia, Trimex Malaysia, Gosford Singapore, Trimex Australia and Feytech SB.

Over the years, our Group has established our reputation as an automotive cover manufacturer that can also manufacture automotive seats. According to PROVIDENCE, we are the third largest automotive cover manufacturer in Malaysia in 2021, 2022 and 2023, based on our Group's revenues from our automotive cover division. We garnered a market share of 23.1%, 25.6% and 25.9% in 2021, 2022 and 2023, respectively, based on our Group's revenues from our automotive cover division and the total automotive cover industry size in Malaysia. As at the LPD, our clientele from the OEM market segments includes established automotive vehicle OEMs for brands such as Local OEM, Mazda and Kia.

Gosford Malaysia received a certificate of appreciation from by Perodua Sales Sdn Bhd for the Delivery Due Date Achievement 2018 (Perodua Sales Sdn Bhd Vendor Gemba Kaizen Challenge 2018). Further, Gosford Singapore has also been awarded with the SME Excellence Business Award Achievers 2022/2023 by Vision Media Group. These recognitions are testament to our Group's established industry reputation.

Gosford Malaysia also obtained the ISO 9001:2000 certification for manufacturing of leather automotive seat covers in 2006. In 2018, Gosford Malaysia ceased renewing its ISO certification and obtained the IATF 16949 – First Edition certification, a certification of quality management system certification by the International Automotive Task Force (IATF) for automotive industry which is based on ISO 9001 certification. The IATF 16949 – First Edition certification which was introduced in 2016 and is recognised by automotive vehicle OEMs worldwide for the manufacturing of leather automotive seat covers. In 2023, Gosford Malaysia obtained the IATF 16949 – First Edition for all of the automotive covers it manufactures.

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7. BUSINESS OVERVIEW (CONT'D)

7.1.3 Major achievements and milestones

The table below summarises our Group's major achievements and milestones since our commencement of operations up to the LPD:

Year	Description
2002	<ul style="list-style-type: none"> Gosford Malaysia was incorporated Gosford Malaysia began operating from its first manufacturing plant in Jalan Tun Abdul Razak, Johor Bahru, Johor, Malaysia Commenced manufacturing and selling of automotive covers to the REM market segment in Malaysia
2003	<ul style="list-style-type: none"> Began to secure sales of automotive covers from the REM market segment in international markets such as the United Kingdom and New Zealand
2004	<ul style="list-style-type: none"> Set up a sales and installation hub in Kuala Lumpur to cater to customers in Kuala Lumpur and Selangor
2006	<ul style="list-style-type: none"> Relocated manufacturing plant in Jalan Tun Abdul Razak, Johor Bahru, Johor, Malaysia to Masai Plant Gosford Malaysia obtained the ISO 9001:2000 certification Began to secure sales of automotive covers from the REM market segment in Australia
2007	<ul style="list-style-type: none"> Gosford Singapore was incorporated to market and sell automotive covers to the REM market segment in Singapore Set up Singapore Hub Began to automate cutting process when Gosford Malaysia acquired its first automated cutting machinery
2008	<ul style="list-style-type: none"> Trimex Australia was incorporated to facilitate marketing and sale of automotive covers to the REM market segment in Australia
2009	<ul style="list-style-type: none"> Trimex Malaysia was incorporated to grow sales from customers in Kuala Lumpur and Selangor
2010	<ul style="list-style-type: none"> Relocated the sales and installation hub in Kuala Lumpur to PJ Hub
2012	<ul style="list-style-type: none"> Gosford Malaysia secured first OEM contract from a Tier 1 automotive seat and/or interior part manufacturer
2015	<ul style="list-style-type: none"> Gosford Malaysia secured first order from PDI market segment when secured an order from Perodua Sales Sdn Bhd, an automotive distributor
2018	<ul style="list-style-type: none"> Gosford Malaysia obtained the IATF 16949 certification for the manufacturing of leather automotive seat covers
2019	<ul style="list-style-type: none"> Connie Go was designated as acting Chief Executive Officer Shares held by the late Go Yoong Fei were transmitted to Tan Sun Sun, Go Yoong Chang and Connie Go after the passing of Go Yoong Fei
2020	<ul style="list-style-type: none"> Gosford Malaysia relocated its manufacturing plant from Masai Plant to Tampoi Plant

7. BUSINESS OVERVIEW (CONT'D)

Year	Description
2021	<ul style="list-style-type: none"> Feytech SB was incorporated to venture into automotive seat manufacturing Feytech SB secured its first contract to manufacture automotive seats from Kia Malaysia Feytech SB set up Kulim Plant 1
2022	<ul style="list-style-type: none"> Feytech SB secured contract from Mazda Malaysia for the manufacturing of automotive seats
2023	<ul style="list-style-type: none"> Feytech Holdings was set up to facilitate the Listing exercise and acquired Gosford Malaysia, Feytech SB, Trimex Malaysia, Gosford Singapore and Trimex Australia Feytech SB secured contract to manufacture automotive seats from Stellantis Gurun (Malaysia) Sdn Bhd Feytech SB secured contract to manufacture automotive seats from a multinational automotive vehicle OEM in Malaysia We completed the acquisition of a land in Padang Serai, Kulim Kedah to set up Kulim Plant 2 Gosford Malaysia obtained IATF 16949 – First Edition for its automotive covers
2024	<ul style="list-style-type: none"> Feytech SB secured contract to manufacture automotive seats from a multinational automotive vehicle OEM in Indonesia

7.1.4 Awards and recognitions

Since our incorporation until the LPD, we have received several awards and recognitions, including the following:

Year	Awards and recognitions
2018	<ul style="list-style-type: none"> Gosford Malaysia recognised with Delivery Due Date Achievement 2018 by Perodua Sales Sdn Bhd
2022	<ul style="list-style-type: none"> Gosford Singapore awarded with SME Excellence Business Award Achievers 2022/2023 by Vision Media Group

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7. BUSINESS OVERVIEW (CONT'D)

7.2 PRINCIPAL ACTIVITIES AND PRODUCTS

Our Group's business model can be illustrated as follows:

Principal activities ⁽¹⁾	Manufacturing of automotive covers			Manufacturing of automotive seats
Products	<ul style="list-style-type: none"> Automotive seat covers Interior part covers 			Fully-assembled automotive seats
Supplier types	<ul style="list-style-type: none"> Automotive cover material suppliers Interior part suppliers Suppliers of parts, accessories and other supplies (e.g. zippers, plastic strips and hooks) 			<ul style="list-style-type: none"> Automotive cover manufacturers Suppliers of automotive seat supplies (e.g. padding, seatbelts, buckles, electrical parts, frames, side airbags)
Market segments	OEM	PDI	REM	OEM
Customer segments	<ul style="list-style-type: none"> Automotive vehicle OEMs Tier 1 automotive seat and/or interior part manufacturers 	<ul style="list-style-type: none"> Automotive distributors Car accessory retailers 	<ul style="list-style-type: none"> Car owners Used car dealers Importers Automotive dealers Car accessory retailers Automotive cover installers 	Automotive vehicle OEMs
Geographical markets⁽²⁾	Malaysia		<ul style="list-style-type: none"> Malaysia Singapore Australia New Zealand Others⁽³⁾ 	Malaysia

Notes:

(1) The revenue breakdown by principal activities for the FY Under Review are as follow:

Revenue	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing of automotive covers:								
• Automotive seat covers	59,657	75.2	63,657	74.7	81,437	64.2	95,762	45.3
• Interior part covers	16,789	21.1	21,522	25.3	25,922	20.4	34,409	16.3
Subtotal	76,446	96.3	85,179	100.0	107,359	84.6	130,171	61.6
Manufacturing of automotive seats	-	-	-	-	19,518	15.4	81,052	38.4
Others*	2,922	3.7	-	-	-	-	-	-
Total	79,368	100.0	85,179	100.0	126,877	100.0	211,223	100.0

7. BUSINESS OVERVIEW (CONT'D)

- * Being sales from one-off trading of fabric industrial face masks comprising 250,000 pieces of masks in FYE 2020.

The trading of fabric industrial face masks is a one-off transaction undertaken by our Group due to sales opportunity amid high demand for masks during the COVID-19 pandemic. As it is trading in nature, save for the cost of goods purchased, there was no investment incurred by our Group in undertaking the sales of fabric industrial face masks. Further, our Group did not continue with the trading of fabric industrial face masks upon the order for the fabric industrial face masks has been fulfilled.

- (2) The revenue breakdown by geographical markets for the FY Under Review are as follow:

Revenue	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	69,458	87.5	77,084	90.5	120,309	94.8	204,923	97.0
Singapore	4,609	5.8	5,470	6.4	4,956	3.9	5,044	2.4
Australia	3,981	5.0	1,117	1.3	908	0.7	914	0.4
New Zealand	888	1.1	1,043	1.2	421	0.4	179	0.1
Others ⁽³⁾	432	0.6	465	0.6	283	0.2	163	0.1
Total	79,368	100.0	85,179	100.0	126,877	100.0	211,223	100.0

- (3) Others include the United States and Netherlands.

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7. BUSINESS OVERVIEW (CONT'D)

Our Group is involved in the following principal activities:

(i) Manufacturing of automotive covers

We undertake the manufacturing of automotive covers produced mainly from leather or synthetic leather automotive cover materials. We may also manufacture automotive covers using a combination of different material types.

Our automotive covers are sold to different market segments, as follows:

OEM market segment	<pre> graph LR OG[Our Group] -- "sells directly to" --> T1[Tier 1 automotive seat and/or interior part manufacturer] T1 --> OEM[Automotive vehicle OEM] OG -- "sells directly to(1)" --> OEM OEM -.- "Appoint our Group as automotive cover manufacturer" --> OG </pre> <p>The OEM market segment entails the manufacturing of automotive covers for new automotive vehicles. There are different tiers of suppliers in the automotive industry that serve the OEM market segment, i.e.:</p> <ul style="list-style-type: none"> • Tier 1 suppliers – companies that supply products and services directly to automotive vehicle OEMs; • Tier 2 suppliers – companies that supply products and services directly to Tier 1 suppliers; and • Tier 3 suppliers – suppliers of raw materials for automotive seats and covers such as automotive cover materials, parts and accessories. <p>As automotive cover manufacturer, we procure from suppliers of raw materials, or Tier 3 suppliers, to manufacture automotive covers.</p> <p>We may either sell directly to Tier 1 automotive seat and/or interior part manufacturers, or automotive vehicle OEMs. In most cases, we have to be appointed by the automotive vehicle OEMs as an automotive cover manufacturer (i.e., as Tier 2 supplier) in order to sell directly to Tier 1 automotive seat and/or interior part manufacturers.</p> <p>Automotive vehicle OEMs will formally appoint us through a letter of appointment or contract. These formal appointments typically specify the price for each automotive cover for a specific car model, but does not specify a contract duration or required volume of products. As at the LPD, we do not have any letters of appointment or contracts from Tier 1 automotive seat and/or interior part manufacturers. Both automotive vehicle OEMs and Tier 1 automotive seat and/or interior part manufacturer will order the required quantity of automotive covers via purchase orders.</p> <p>Note: (1) Product sold solely consist of interior part covers.</p>
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7. BUSINESS OVERVIEW (CONT'D)

PDI market segment	<pre> graph LR OG[Our Group] -- "sells directly to" --> CAR[Car accessory retailers] CAR --> AD[Automotive distributors] OG -- "sells directly to" --> AD </pre> <p>The PDI market segment entails the manufacturing and replacement of automotive covers prior to these automotive vehicles being registered with the Road Transport Department Malaysia (i.e. Jabatan Pengangkutan Jalan Malaysia). This is generally to enhance the value and attractiveness of the automotive vehicle model. For instance, the replacing and restyling of automotive covers can emphasize the exclusivity of the automotive vehicle model introduced in the market or localise the automotive covers for the automotive vehicle model to suit local preferences and demands.</p> <p>We may either sell directly to car accessory retailers or automotive distributors.</p> <p>At times, we may be formally appointed via a letter of appointment and/or contract from automotive distributors. These formal appointments typically specify the price for each automotive cover, but does not specify a contract duration or required volume of products. As at the LPD, we do not have any letters of appointment or contracts from car accessory retailers. Both car accessory retailers or automotive distributors will order the required quantity of automotive covers via purchase orders.</p>
REM market segment	<pre> graph LR OG[Our Group] -- "sells directly to" --> CS[• Car owners • Used car dealers • Importers • Automotive dealers • Car accessory retailers • Automotive cover installers] </pre> <p>The REM market segment entails the manufacturing and replacement of automotive covers after the automotive vehicles have been registered with the Road Transport Department Malaysia (i.e. Jabatan Pengangkutan Jalan Malaysia). We sell directly to car owners, used car dealers, importers, automotive dealers, car accessory retailers or automotive cover installers.</p> <p>As at the LPD, we do not have any letters of appointment or contracts from car owners, used car dealers, importers, automotive dealers, car accessory retailers or automotive cover installers. All of these customer segments will order the required quantity of automotive covers via purchase orders.</p>

The description of our products and services for each market segment are as illustrated below:

OEM market segment	<p>For this market segment, the automotive vehicle OEM will determine the automotive cover design, specifications and quality requirements. At times, we may propose variations to the design based on the manufacturability and durability of the automotive cover design. We also develop prototypes so that customers can conduct testing and adjustments until it meets the target functional specifications set by the automotive vehicle OEMs. In addition, we have an in-house testing laboratory and equipment which enables us to test, check and inspect the automotive cover materials to ensure that they meet the requirements set by the customer.</p> <p>We generally are not required to undertake the installation of automotive covers onto the automotive seats. In some cases, we may be required to undertake the installation of automotive covers on the interior parts such as door ornaments, steering wheels, gear knobs, handbrake handles and consoles.</p>
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7. BUSINESS OVERVIEW (CONT'D)

PDI market segment	For the PDI market segment, we are engaged by automotive distributors and car accessory retailers to restyle, manufacture and replace automotive covers based on their designs and specifications. We may also be required to reinstall our manufactured automotive covers onto the automotive seats and/or interior parts.
REM market segment	For the REM market segment, we are engaged by customers to restyle, manufacture, replace and/or repair automotive covers based on their designs and specifications. This involves the dismantling of used automotive covers and reinstalling of our manufactured and/or repaired automotive covers onto the automotive seats and/or interior parts, followed by reinstalling of the automotive seats and/or interior parts into the vehicle.

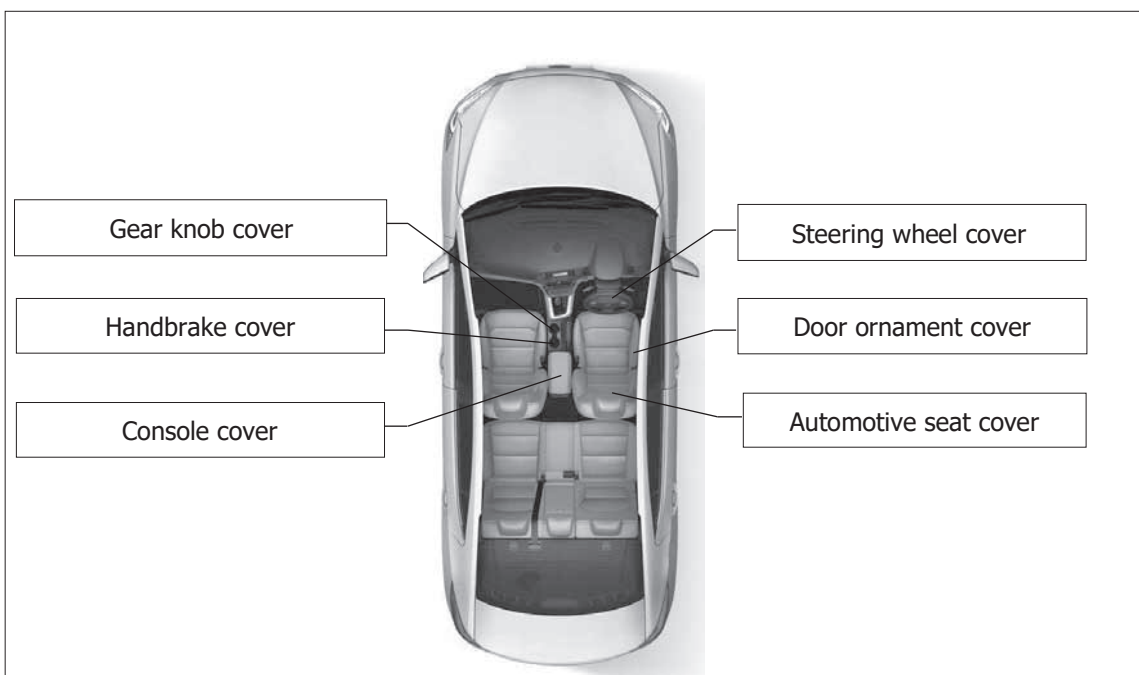
Our key market segment for our automotive covers is the OEM market segment. Revenue from the automotive covers from the OEM market segment comprised between 84.6% and 88.6% of our Group’s revenue for the automotive cover division during the FY Under Review. The remaining 11.4% to 15.4% of our total revenue were contributed from the other market segments for our automotive covers, i.e. the PDI and REM market segments. Currently, our automotive covers are used for both local and international brands of automotive vehicles, such as Local OEM, Mazda and Kia.

We manufacture our automotive covers at our Tampoi Plant, which is located in Johor, Malaysia. Our Tampoi Plant has an annual manufacturing capacity of 1.2 million meters of automotive cover material in FYE 2023.

As an assurance of our product quality and safety, we have obtained the IATF 16949 certification, which is a quality management system for manufacturing of automotive covers for automotive vehicle OEMs. Our ability to obtain this certification highlights our Group’s capabilities to meet local and international standards in the manufacturing of automotive seat covers.

In addition, we operate 2 sales and installation hubs which are located in Selangor, Malaysia and Singapore (i.e. PJ Hub and Singapore Hub). At PJ Hub and Singapore Hub, we undertake the repair and/or replacement of automotive covers that are sold to PDI and/or REM market segments. Some automotive covers may also be stored at our PJ Hub.

In general, our automotive covers are as follows:



7. BUSINESS OVERVIEW (CONT'D)

A majority of our automotive covers sold are automotive seat covers. Revenue from automotive seat covers comprised between 45.3% and 75.2% of our total Group revenue during the FY Under Review. In addition, we manufacture interior part covers for interior parts such as door ornaments, steering wheels, gear knobs, handbrake handles and consoles. Revenue from interior part covers contributed between 16.3% and 25.3% of our total Group revenue during the FY Under Review.

(ii) Manufacturing of automotive seats

We began to expand downstream the industry value chain to manufacture automotive seats in 2021. We manufacture and supply automotive seats to the OEM market segment, whereby our automotive seats manufactured according to the design and specifications provided by the automotive vehicle OEM. These automotive seats are sold to automotive vehicle OEMs for their onward installation into automotive vehicles. Currently, we manufacture automotive seats for international brands of automotive vehicles such as Mazda and Kia.

As at the LPD, our automotive seat manufacturing activities are carried out at our Kulim Plant 1, which is located in Padang Serai, Kulim, Kedah. Our Kulim Plant 1 has the manufacturing capacity to assemble and manufacture 36,000 sets of automotive seats annually (based on the manufacturing capacity of our existing 2 double conveyor lines) as at FYE 2023. We will be relocating our automotive seat manufacturing activities to Kulim Plant 3, which will have the same manufacturing capacity to assemble and manufacture 36,000 sets of automotive seats annually (based on the manufacturing capacity of our 2 double conveyor lines to be relocated from Kulim Plant 1 to Kulim Plant 3 and that no additional conveyor line(s) will be procured for Kulim Plant 3 for the time being until when the need for such additional conveyor line(s) arises), by June 2024 as detailed in **Section 7.27.1** of this Prospectus.

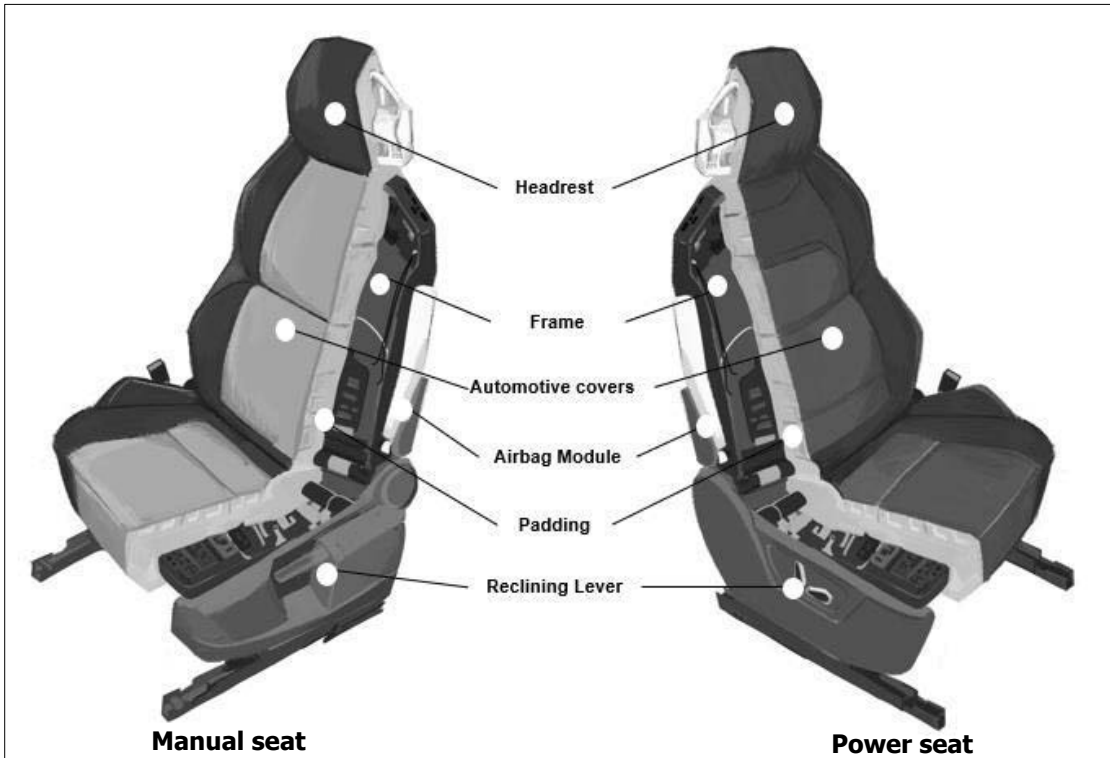
Our manufacturing process involves the assembly of front seats (driver seat and front passenger seat) and rear seats. There are 2 types of front seats, namely power seats (seats that use electronic motors to adjust seat position and reclination) and manual seats (seats that use manual levers or knobs to adjust seat position and reclination).

Our Kulim Plant 1 is also equipped with an in-house testing laboratory and equipment to carry out QA/QC testing on the fully-assembled automotive seats to ensure that they meet the automotive vehicle OEM's safety and functionality requirements (please refer to **Section 7.10** of this Prospectus for the QA/QC tests undertaken for automotive seats). Upon relocation, our Kulim Plant 3 will also be equipped with similar in-house testing laboratory and equipment for its QA/QC testing.

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7. BUSINESS OVERVIEW (CONT'D)

An example of manual and power automotive seats are as illustrated below:



On the quality and safety measures, we are in the midst of preparing the necessary documentations and undergo the required trainings in respect of the IATF 16949 certification for the manufacturing of automotive seats. We expect the audit by a certification body recognised by IATF to be completed by 2nd quarter of 2024 and obtain the IATF 16949 certification for our manufacturing of automotive seats by 3rd quarter of 2024. For the avoidance of doubt, the absence of IATF 16949 certification for the manufacturing of automotive seats will not result in any negative impact on the operation of our automotive seats manufacturing division as the IATF 16949 certification is not a mandatory criteria or condition imposed by our existing customers and certain existing customers of our Group are aware of our status in respect of the IATF 16949 certification for our manufacturing of automotive seats prior to placing their orders with our Group.

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7. BUSINESS OVERVIEW (CONT'D)

7.3 REVENUE SEGMENTATION

The table below sets out the breakdown and analysis of our Group's revenue by business activities for the FY Under Review:

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales of automotive covers:								
• Automotive seat covers	59,657	75.2	63,657	74.7	81,437	64.2	95,762	45.3
• Interior part covers	16,789	21.1	21,522	25.3	25,922	20.4	34,409	16.3
Sales of automotive seats	-	-	-	-	19,518	15.4	81,052	38.4
Others ⁽¹⁾	2,922	3.7	-	-	-	-	-	-
Total	79,368	100.0	85,179	100.0	126,877	100.0	211,223	100.0

Note:

- (1) Being sales from one-off trading of fabric industrial face masks comprising 250,000 pieces of masks in FYE 2020.

The trading of fabric industrial face masks is a one-off transaction undertaken by our Group due to sales opportunity amid high demand for masks during the COVID-19 pandemic. As it is trading in nature, save for the cost of goods purchased, there was no investment incurred by our Group in undertaking the sales of fabric industrial face masks. Further, our Group did not continue with the trading of fabric industrial face masks upon the order for the fabric industrial face masks has been fulfilled.

The table below sets out the breakdown and analysis of our Group's revenue by market segments for the FY Under Review:

	Audited							
	FYE 2020 ⁽¹⁾		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
OEM	64,647	84.6	73,382	86.1	114,568	90.3	196,412	93.0
REM	9,602	12.5	10,299	12.1	8,847	7.0	9,051	4.3
PDI	2,197	2.9	1,498	1.8	3,462	2.7	5,760	2.7
Total	76,446	100.0	85,179	100.0	126,877	100.0	211,223	100.0

Note:

- (1) Excluding the sales from one-off trading of fabric industrial face masks of RM2.9 million in FYE 2020.

7.4 COMPETITIVE POSITION

7.4.1 We have an established track record and market reputation as an automotive cover manufacturer in Malaysia

We possess 21 years of experience in the manufacturing of automotive covers since we commenced our business operations in 2002. We commenced our business serving the REM market segment and over the years, we have grown our market segments to include the OEM market segment since 2012 and PDI market segment since 2015. As at the LPD, our clientele from the OEM market segment includes established automotive vehicle OEMs such as the Local OEM, Mazda Malaysia and Kia Malaysia.

7. BUSINESS OVERVIEW (CONT'D)

Our track record over the years have enabled us to build our reputation in the automotive industry. We are the third largest automotive cover manufacturer in Malaysia in 2021, 2022 and 2023, based on our Group's revenues from our automotive cover division. We garnered a market share of 23.1%, 25.6% and 25.9% in 2021, 2022 and 2023, respectively, based on our Group's revenues from our automotive cover division and the total automotive cover industry size in Malaysia. (Source: IMR Report)

Our track record and market reputation will serve as a foundation for us to secure new customers as well as new orders from existing customers in the future.

7.4.2 We have demonstrated our ability to comply with the design and manufacturing requirements set by local and international automotive vehicle OEMs

We manufacture automotive covers and automotive seats for the OEM market segment. A large proportion of our sales from our automotive cover division was generated from the OEM market segment (i.e. between 84.6% and 88.6% of our Group's revenue for the automotive cover division during the FY Under Review). The customer segments of our automotive covers from the OEM market segment comprises automotive vehicle OEMs such as Mazda Malaysia and Kia Malaysia as well as Tier 1 automotive seat and/or interior part manufacturers which serve automotive vehicle OEMs.

Meanwhile, all of our sales from our automotive seat division are derived from the OEM market segment. Thus, our automotive seats are sold to automotive vehicle OEMs.

Local and international automotive vehicle OEMs typically require automotive cover and automotive seat manufacturers to adhere to their design and manufacturing requirements. Prior to being appointed to manufacture automotive covers and automotive seats for their vehicle models, these automotive vehicle OEMs typically conduct a site visit at our manufacturing plant to ensure that we are able to meet their requirements in the manufacturing of the automotive covers and automotive seats. Some local and international automotive vehicle OEMs may carry out regular follow-up assessments to ensure that we have maintained our operating standards.

In addition, our manufacturing process for automotive covers also complies with the IATF 16949, which is an internationally recognised quality management system. We are required to renew this certification every 3 years. The renewal is subject to a surveillance audit to be conducted by a certification body recognised by IATF on a yearly basis to ensure we continue to meet the key requirements of the certification.

Further, for our automotive seat division, we have also set up our Kulim Plant 1, which is located in Padang Serai, Kulim, Kedah, so that it is located in close proximity to one of our automotive vehicle OEM customers. This enables us to quickly and efficiently deliver the assembled automotive seats to the automotive vehicle OEM plants.

As a testament to our ability to comply with the design and manufacturing requirements set by local and international automotive vehicle OEMs, we have managed to retain many automotive vehicle OEMs and Tier 1 automotive seat and/or interior part manufacturers as customers over the years. On average, our length of business relationship with our top 5 major customers, which comprised both local and international automotive vehicle OEMs and Tier 1 automotive seat and/or interior part manufacturers, were approximately 7 years as at FYE 2023.

7.4.3 We can manufacture both automotive seats and automotive covers, and serve various market segments

We have been in the manufacturing of automotive covers since 2002 and since 2021, we have expanded downstream in the industry value chain to venture into the manufacturing of automotive seats. This will allow us to provide a complementary range of services to automotive vehicle OEMs, which would provide convenience to automotive vehicle OEMs to appoint us to manufacture both automotive seats and automotive covers.

7. BUSINESS OVERVIEW (CONT'D)

Further, we also offer automotive covers to various market segments, i.e. the OEM, PDI and REM market segments. This allows us to expand our customer base to not only target automotive vehicle OEMs and Tier 1 automotive seat and/or interior part manufacturers, but also automotive dealers, automotive distributors, used car dealers, car owners, car accessory retailers, importers and automotive cover installers. Our sales of automotive covers are thus not only limited to the production of new automotive vehicles (i.e. OEM market segment), but also sales from the aftermarket of automotive vehicles (i.e. PDI and REM market segments).

7.4.4 Our Tampoi Plant is equipped to manufacture quality automotive covers efficiently

We utilise automated cutting machineries and automated nesting software in our automotive cover manufacturing processes, which has allowed us to optimise material usage and reduce wastages of materials for our automotive cover division.

The automated nesting software computes the most optimal manner to cut multiple shapes on an automotive cover material, taking into account any defects marked on the automotive cover material. Thus, by using automated nesting software, we are able to optimise the utilisation of automotive cover materials.

The automated cutting machineries enable the cutting of automotive cover materials into the required shapes, according to the arrangement of digitised templates provided by the automated nesting software. By using the automated cutting machineries, we are able to perform the cutting of automotive cover materials accurately in a short period of time, and with minimal number of workers. This thus improves our operational efficiency. As at the LPD, we have 9 automated cutting machineries.

The abovementioned processes promote cost efficiency, wastage minimisation and operational efficiency in our automotive cover manufacturing processes. This would ultimately enable us to improve our profit margins. As an illustration, we managed to improve our GP margin with the purchase of more automated cutting machineries, from 36.6% in FYE 2020 to 40.4% in FYE 2021.

In addition, we have an in-house testing laboratory which enables us to test, check and inspect the automotive cover materials, particularly leather automotive cover materials. This is important as every leather hide have different characteristics in terms of size, defect areas and colour, amongst others. The in-house testing laboratory enables us to check leather automotive cover materials in order to manufacture automotive covers which matches the colour specifications provided by the customer and are visually homogenous. The in-house testing laboratory also allows us to test the quality of the automotive cover materials in terms of its thickness, weight, flexing resistance and tensile strength. Thus, the in-house laboratory is crucial in the selection of automotive cover materials to enable us to manufacture quality automotive covers that meets our customers' requirements.

7.4.5 We have an experienced and dedicated Key Senior Management team

We have an experienced and dedicated Key Senior Management team, led by our Chief Executive Officer, Connie Go, who has 17 years' experience in the automotive industry. Details of our Key Senior Management team are as follows:

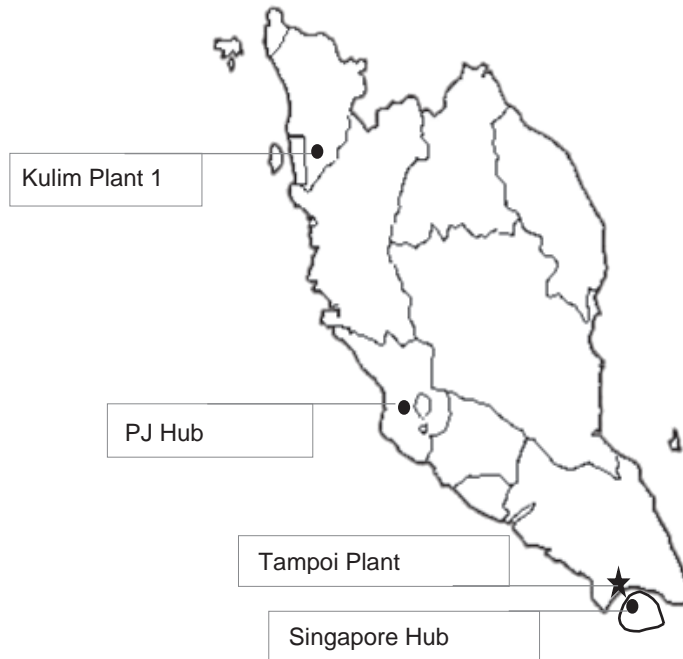
Key Senior Management personnel	Designation	Years of relevant experience
Connie Go	Executive Director/ Chief Executive Officer	17
Go Yoong Chang	Executive Director	6
Tan Sun Sun	Executive Director	19
Chua Khe Gee	Chief Operating Officer	19
Tan Ming Shing	Chief Financial Officer	17

7. BUSINESS OVERVIEW (CONT'D)

Collectively, our Key Senior Management team has an average of approximately 16 years of relevant experience in their respective fields. Their experience and leadership capabilities are expected to continue contributing positively to our future growth and prospects. Please refer to **Section 5** of this Prospectus for the profiles of our Key Senior Management team.

7.5 LOCATION OF OPERATIONS

As at the LPD, our Group's operations are based in Malaysia and Singapore, as illustrated below:



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7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, our Group has premises in the following locations:

Facility	Location	Nature	Usage
Tampoi Plant	Johor Bahru, Johor	Headquarters, automotive cover manufacturing warehouse	Manufacturing of automotive covers, warehouse, sales and marketing, finance and administrative functions
Kulim Plant 1	Padang Serai, Kulim, Kedah	Automotive seat manufacturing warehouse	Manufacturing of automotive seats and warehouse
PJ Hub	Petaling Jaya, Selangor	Sales and installation hub, warehouse	Marketing, sales and installation of automotive covers and warehouse
Singapore Hub	Kaki Bukit, Singapore	Sales and installation hub	Marketing, sales and installation of automotive covers

Please refer to **Section 7.21** of this Prospectus for further information on our Group's material properties.

7.6 MATERIAL MACHINERY AND EQUIPMENT

A summary of the material machinery and equipment owned and used by us are as follows:

Machinery and equipment	Functions	Location	No. of units ⁽¹⁾	Average age (years) ⁽¹⁾	NBV as at 31 December 2023 (RM'000)
Automated cutting machineries	Cutting of automotive cover materials	Tampoi Plant	9 ⁽²⁾	10	1,644
Sewing machines	Sewing and stitching leather, synthetic leather and/or fabric pieces	Tampoi Plant and Singapore Hub	164 ⁽³⁾	13	102
Secondary process and airbag sewing machines	To carry out secondary processes, i.e. embroidery, embossing, pattern sewing, perforation, skiving and airbag parts sewing	Tampoi Plant	25	12	546
Double automotive seat manufacturing conveyor lines	Assembly of automotive seats	Kulim Plant 1	2	2	387
Assembly jig	Assembly of automotive seats	Kulim Plant 1	12	1	41
Automotive seat checking jig	To perform automotive seat hip-point measurement	Kulim Plant 1	14	2	131 ⁽⁴⁾
End-of-line seat tester	End-of-line testing of automotive seats	Kulim Plant 1	14	2	800

7. BUSINESS OVERVIEW (CONT'D)

Machinery and equipment	Functions	Location	No. of units⁽¹⁾	Average age (years)⁽¹⁾	NBV as at 31 December 2023 (RM'000)
Faro Arm	To perform automotive seat hip-point measurement	Kulim Plant 1	1	2	113
Sound room	proof To perform noise levels test of the motorised functions of automotive seats	Kulim Plant 1	1	1	48
Error system	proof To detect and prevent steps or processes from being missed during manufacturing of automotive seats	Kulim Plant 1	6	<1	254 ⁽⁵⁾
Total					4,066

Notes:

- (1) As at the LPD.
- (2) Comprised of 6 automated multi-layer cutting machineries, which are used to cut PVC and foam materials, and 3 automated leather cutting machineries.
- (3) Consists of 36 units of double line sewing machines and 128 units of general sewing machines, including 4 units of double line sewing machines and 4 units of general sewing machines used for technical development at Tampoi Plant and 2 units of general sewing machines placed at Singapore Hub.
- (4) Excludes 4 automotive seat checking jig which was acquired in February 2024.
- (5) Excludes 1 error proof system which was acquired in January 2024.

7.7 MANUFACTURING CAPACITIES AND OUTPUT

7.7.1 Automotive covers

Tampoi Plant

Our Group's manufacturing capacities and capacity utilisation for the manufacturing of automotive covers at our Tampoi Plant based on the different machineries and equipment are as follows:

Manufacturing capacities and capacity utilisation of our automated cutting machineries

Automated multi-layer cutting machines

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Maximum annual manufacturing capacity (meters) ⁽¹⁾⁽²⁾	1,052,376	1,052,376	1,052,376	1,207,356 ⁽³⁾
Annual production output (meters) ⁽¹⁾	642,576	658,766	774,153	852,234
Utilisation rate	61.1%	62.6%	73.6%	70.6%
Number of automated multi-layer cutting machines	5	5	5	6

7. BUSINESS OVERVIEW (CONT'D)**Automated leather cutting machines**

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Maximum annual manufacturing capacity (sq ft) ⁽⁴⁾⁽⁵⁾	1,729,728	3,199,997	3,199,997	3,199,997
Annual production output (sq ft) ⁽⁴⁾	1,699,128	1,395,389	1,721,943	2,090,709
Utilisation rate	98.2%	43.6%	53.8%	65.3%
Number of automated leather cutting machines	2	3	3	3

Notes:

- (1) The maximum annual manufacturing capacity of automated multi-layer cutting machineries refers to volume of automotive cover materials such as PVC or foam that can be produced in a year, in meters.
- (2) The maximum annual manufacturing capacity is calculated based on the following assumptions:
 - There are 2 working shifts (of which a single shift is 11 hours) and 26 working days a month; and
 - There are 6 automated multi-layer cutting machineries. We purchased 1 automated multi-layer cutting machinery in June 2023 and the machinery was only operational beginning August 2023. Thus, this machinery was not taken into account for the computation of the maximum annual manufacturing capacity for FYE 2020 to FYE 2022.
- (3) The maximum annual manufacturing capacity is calculated based on the assumption that there were 5 automated multi-layer cutting machineries between January and July 2023, and 6 automated multi-layer cutting machineries between August and December 2023.
- (4) The maximum annual manufacturing capacity of automated leather cutting machineries refers to volume of leather that can be produced in a year, in sq ft.
- (5) The maximum annual manufacturing capacity is calculated based on the following assumptions:
 - There are 2 working shifts (of which a single shift is 11 hours) and 26 working days a month; and
 - There are 2 automated leather cutting machineries in FYE 2020, and 3 automated leather cutting machineries in FYE 2021, FYE 2022 and FYE 2023.

With the purchase of the additional 1 automated multi-layer cutting machinery in June 2023, our maximum annual manufacturing capacity is approximately 1.4 million meters of automotive cover materials as at the LPD.

As the volume of automotive covers that can be produced is limited by the volume of automotive cover materials such as PVC or foam that can be, or has been, cut by the automated multi-layer cutting machineries in view that the automotive covers typically require more PVC as compared to leather, the manufacturing capacity is largely determined by the capacity of the automated multi-layer cutting machineries.

7. BUSINESS OVERVIEW (CONT'D)**Manufacturing capacities and capacity utilisation of our sewing machines**

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Maximum annual manufacturing capacity (meters) ⁽¹⁾⁽²⁾	1,241,360	1,593,079	1,593,079	1,593,079
Annual production output (meters) ⁽¹⁾	642,576	658,766	774,153	852,234
Utilisation rate	51.8%	41.4%	48.6%	53.5%
Number of sewing machines	141	154	154	154

Notes:

- (1) The maximum annual manufacturing capacity refers to volume of automotive cover materials that can be sewn in a year, in meters.
- (2) The maximum annual manufacturing capacity is calculated based on the following assumptions:
- There are 2 working shifts (of which a single shift is 11 hours) and 26 working days a month; and
 - For production purposes, there are 141 double line sewing machines and general sewing machines in FYE 2020, and 154 double line sewing machines and general sewing machines in FYE 2021, FYE 2022 and FYE 2023.

Meanwhile, there are 4 double line sewing machines and 4 general sewing machines used for technical development which are not taken into account as these sewing machines are used for development of design, template and prototype which do not contribute to the production output. In addition, the 2 general sewing machines placed at Singapore Hub were also not taken into account as they are used for minor re-working or repair works at Singapore Hub.

Floor area space utilisation for manufacturing and storage at Tampoi Plant

The floor area space for manufacturing and storage, and utilisation of this floor area space at the Tampoi Plant for the FY Under Review are as illustrated below:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Total manufacturing and storage floor area space (sq ft)	97,650	97,650	97,650	97,650
Average floor area space utilised (sq ft)	58,433	62,426	66,030	73,313
Average utilisation rate	59.8%	63.9%	67.6%	75.1%

PJ Hub

The floor area space for the installation and storage at the PJ Hub for the FY Under Review are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Installation floor area space (sq ft)	811	811	811	811
Storage floor area space (sq ft)	9,272	9,272	9,272	9,272
Total installation and storage floor area space (sq ft)	10,083	10,083	10,083	10,083

The storage space at the PJ Hub is utilised to store materials required for our installation of automotive seat covers for PDI and REM market segments and automotive covers which are manufactured in our Tampoi Plant prior to delivery to our customers. Currently, the PJ Hub has been fully utilised and does not have sufficient space for us to increase, among others, our storage space.

7. BUSINESS OVERVIEW (CONT'D)

Summary of machineries and capacity utilisation as well as proposed expansion of capacity for automotive cover manufacturing

	FYE 2023				Proposed expansion		
	Tampoi Plant	PJ Hub	Total	Tampoi Plant	PJ Hub ⁽¹⁾	New manufacturing plant and warehouse in Klang Valley ⁽¹⁾	Total
	Number of automated multi-layer cutting machineries	6	-	6	6	-	-
Maximum annual manufacturing capacities of automated multi-layer cutting machineries (meters)	1,207,356 ⁽²⁾	-	1,207,356	1,424,280 ⁽³⁾	-	-	1,424,280
Average utilisation rate	70.6%	-	70.6%	N/A	-	-	N/A
Number of automated leather cutting machineries	3	-	3	3 ⁽⁴⁾	-	-	3
Maximum annual manufacturing capacities of automated leather cutting machineries (sq ft)	3,199,997	-	3,199,997	3,805,402 ⁽⁴⁾	-	-	3,805,402
Average utilisation rate	65.3%	-	65.3%	N/A	-	-	N/A
Number of sewing machines for production	154	-	154	154	-	15	169
Maximum annual manufacturing capacities of sewing machines (meters)	1,593,079	-	1,593,079	1,593,079	-	155,170	1,748,249
Average utilisation rate	53.5%	-	53.5%	N/A	-	N/A	N/A

Notes:

(1) As detailed in **Section 7.27.2** of this Prospectus, upon completion of the construction of the new corporate office with manufacturing plant and warehouse in Klang Valley, we intend to relocate all our operations at the PJ Hub to the new corporate office with manufacturing plant and warehouse.

7. BUSINESS OVERVIEW (CONT'D)

- (2) The maximum annual manufacturing capacity is calculated based on the assumption that there were 5 automated multi-layer cutting machineries between January and July 2023, and 6 automated multi-layer cutting machineries between August and December 2023.
 - (3) The maximum annual manufacturing capacity is calculated based on the assumption that there are 6 automated multi-layer cutting machineries in a year. For avoidance of doubt, the increase in the maximum annual manufacturing capacity of automated multi-layer cutting machineries as compared to FYE 2023 is due to 1 automated multi-layer cutting machineries purchased in June 2023 was only operational beginning August 2023, i.e., between August and December 2023 in respect of FYE 2023 while it will be operational for full year in respect of FYE 2024.
 - (4) As set out in **Section 4.5.4** of this Prospectus, we intend to purchase, among others, 1 new automated leather cutting machine which has higher capacity of approximately 1.47 million sq ft per annum as compared to the old automated leather cutting machine to be replaced which has capacity of approximately 0.86 million sq ft per annum.
- N/A Not available.

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7. BUSINESS OVERVIEW (CONT'D)

7.7.2 Automotive seats

Kulim Plant 1

Our Group's manufacturing capacities and capacity utilisation for the manufacturing of automotive seats for Kulim Plant 1 are as follows:

	FYE 2022⁽¹⁾	FYE 2023
Maximum annual manufacturing capacity (sets) ⁽²⁾⁽³⁾	36,000	36,000
Manufacturing capacity since commencement of mass production (sets) ⁽⁴⁾	13,500	36,000
Annual production output (sets)	1,002	8,451
Utilisation rate	7.4%	23.5%

Notes:

- (1) Although we began manufacturing automotive seats in February 2022, we spent the first 2 months fine-tuning our manufacturing processes. Mass production of automotive seats began in April 2022.
- (2) The maximum annual manufacturing capacity and annual manufacturing output refers to the number of automotive seat and interior part sets manufactured in a year. One set of automotive seats is for a single automotive vehicle.
- (3) The maximum annual manufacturing capacity is calculated based on the following assumptions:
 - There is 2 working shifts (of which a single shift is 11 hours) and 26 working days a month; and
 - There are 2 double conveyor lines in Kulim Plant 1.
- (4) Manufacturing capacity from the time we commenced mass production of automotive seats (in April 2022) till the end of the financial year period. Manufacturing capacity was calculated based on 1 unit of double conveyor line as we only commenced the second double conveyor line in end December 2022.

Despite the low utilisation rate of the production lines in Kulim Plant 1 (i.e. 23.5% for the FYE 2023), the actual capacity and output of our manufacturing of automotive seats are currently being limited by the manufacturing space and storage space available at our Kulim Plant 1. The floor area space in Kulim Plant 1 is used to occupy the 2 double conveyor lines and store both finished goods and incoming materials and supplies. The floor area space for manufacturing and storage, and utilisation of this floor area space for the FYEs 2022 and 2023 are as illustrated below:

	FYE 2022	FYE 2023
Total manufacturing and storage floor area space (sq ft)	64,248	64,248
Average floor area space utilised (sq ft)	63,991	64,120
Average utilisation rate	99.6%	99.8%

7. BUSINESS OVERVIEW (CONT'D)**Summary of machineries and capacity utilisation as well as proposed expansion of capacity for automotive seat manufacturing**

	FYE 2023	Proposed expansion		
	Kulim Plant 1⁽¹⁾	Kulim Plant 3⁽¹⁾	Kulim Plant 2	Total
Number of production lines	2	1	1	2
Maximum annual manufacturing capacities of production lines (sets)	36,000	18,000	18,000	36,000
Average utilisation rate	23.5%	N/A	N/A	N/A
Total manufacturing and storage floor area space (sq ft)	64,248	110,113	55,000	165,113
Average floor area space utilised (sq ft)	64,120	N/A	N/A	N/A
Average utilisation rate	99.8%	N/A	N/A	N/A

Note:

N/A Not available.

- (1) For the FYE 2023 and up to the LPD, our automotive seat manufacturing activities are carried out in Kulim Plant 1. By June 2024, we will be relocating our operations in Kulim Plant 1 to Kulim Plant 3, as detailed in **Section 7.27.1** of this Prospectus.

Upon relocation from Kulim Plant 1 to Kulim Plant 3, we will have the same manufacturing capacity to assemble and manufacture 36,000 sets of automotive seats annually, which is based on the manufacturing capacity of our 2 double conveyor lines and that no additional conveyor line(s) will be procured for Kulim Plant 3 for the time being until when the need for such additional conveyor line(s) arises. Currently, the actual capacity and output of our manufacturing of automotive seats are being limited by the manufacturing space and storage space available at Kulim Plant 1.

Notwithstanding that the maximum annual manufacturing capacity will remain at 36,000 sets of automotive seats at Kulim Plant 3, the output of our manufacturing of automotive seats and utilisation rates of our production lines are expected to increase due to the availability of larger manufacturing space and storage space at Kulim Plant 3 of approximately 110,113 sq ft as compared to approximately 64,248 sq ft at Kulim Plant 1 (excluding the office and meeting room space), subject to the order quantities for automotive seats from our customers. In this regard, the availability of larger manufacturing space and storage space will allow our Group to increase our output of automotive seats by utilising our existing manufacturing capacities of our production lines without being limited by any space constraint to meet the anticipated increasing orders from our customers and new orders from our new customers as detailed in **Section 7.27.1** of this Prospectus.

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7. BUSINESS OVERVIEW (CONT'D)**7.8 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES**

The major supplies purchased by our Group for its operations for the FY Under Review are as follows:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Automotive cover materials								
- Leather	5,518	15.2	4,133	11.3	11,244	14.2	13,797	11.5
- Synthetic leather	6,849	18.9	6,557	17.9	11,130	14.0	11,359	9.4
- Others ⁽¹⁾	9,513	26.2	2,289	6.3	2,842	3.6	6,277	5.2
Automotive seat supplies	-	-	182	0.5	24,930	31.4	45,257	37.5
Interior parts	8,582	23.7	17,811	48.8	18,604	23.5	23,937	19.9
Parts, accessories and other supplies for automotive covers	4,490	12.4	4,556	12.5	6,549	8.3	14,502	12.0
Others ⁽²⁾	1,308	3.6	1,003	2.7	3,973	5.0	5,417	4.5
Total purchases	36,260	100.0	36,531	100.0	79,272	100.0	120,546	100.0

Notes:

(1) Comprises fabric, microfibre and semi-finished automotive covers.

(2) Comprises testing and laboratory services, logistics services and maintenance services.

The breakdown of our Group's total purchases from local and foreign suppliers are as follows:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local	15,317	42.2	24,971	68.4	38,735	48.9	42,268	35.1
Foreign	20,943	57.8	11,560	31.6	40,537	51.1	72,278	64.9
Total purchases	36,260	100.0	36,531	100.0	79,272	100.0	120,546	100.0

Our Group's purchases for our automotive cover division during the FY Under Review consist of automotive cover materials, interior parts and parts, accessories and other supplies. Automotive cover materials mainly comprise leather and synthetic leather automotive cover materials, amongst other materials such as fabric, microfibre and semi-finished automotive covers. Meanwhile, interior parts are generally required by the automotive vehicle OEMs to be purchased for the manufacturing of automotive covers with interior parts. Parts, accessories and other supplies comprise zippers, plastic strips and hooks.

7. BUSINESS OVERVIEW (CONT'D)

Our Group’s purchases for our automotive seat division during the FY Under Review comprise automotive seat supplies such as padding, seatbelts, buckles, electrical parts, frames, side airbags, and third-party automotive covers.

All of the abovementioned supplies are readily available and our Group is not dependent on any individual country for the supply of such supplies.

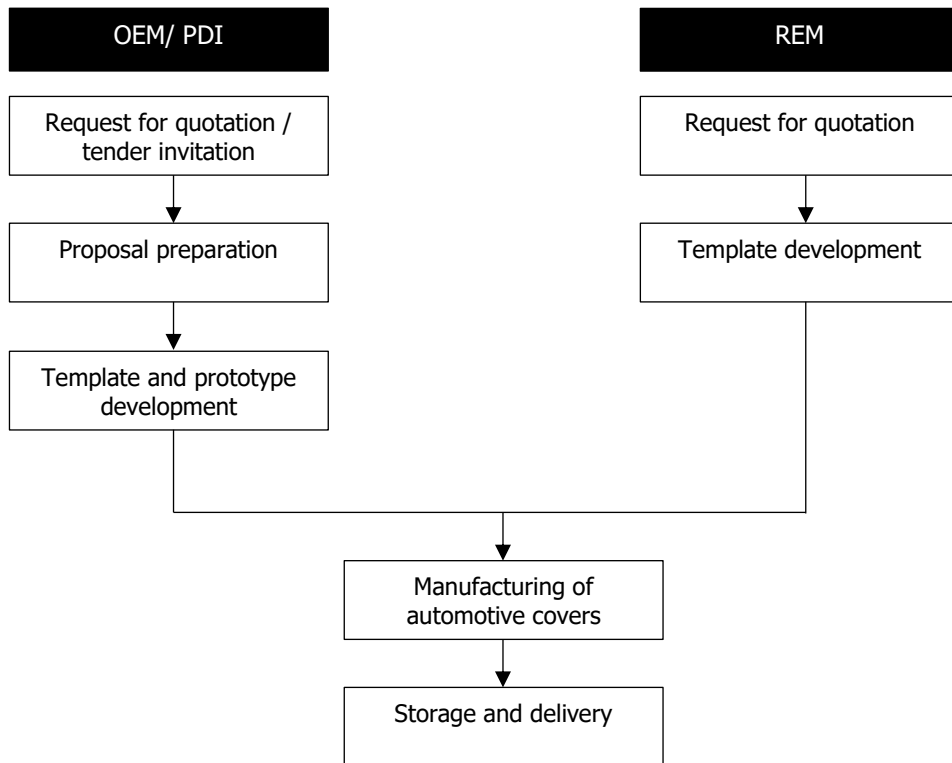
During the FY Under Review, 31.6% to 64.9% of our Group’s total purchases were procured from foreign suppliers. Purchases of supplies from foreign suppliers typically comprise leather and synthetic leather covers, interior parts, parts, accessories and other supplies for automotive covers as well as automotive seat supplies.

Notwithstanding the above, certain automotive cover materials and automotive seat supplies can be sourced from local suppliers, subject to the specifications of the supplies meeting our production requirements. Nevertheless, we are required to procure certain interior parts, parts, accessories and other supplies for automotive covers or automotive seats from certain suppliers, who may be foreign suppliers, as may be required by the automotive vehicle OEMs.

7.9 BUSINESS AND OPERATION PROCESS

7.9.1 Manufacturing of automotive covers

The typical process flow for our manufacturing of automotive covers is as depicted below:



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7. BUSINESS OVERVIEW (CONT'D)

The process flows for the manufacturing of automotive covers for the OEM, PDI and REM market segments are as detailed below:

(a) OEM and PDI market segments**(i) Request for quotation / tender invitation**

Upon receipt of a request for quotation or tender invitation from a prospective customer (who may either be automotive vehicle OEM, Tier 1 automotive seat and/or interior part manufacturer, automotive distributor or car accessory retailer), we will first evaluate the specifications and requirements and conduct a profitability study on the project.

(ii) Proposal preparation

Then, we will submit our quotation and proposal to the prospective customer based on the specifications and requirements of the project. The prospective customer will evaluate the proposal and if we are awarded, the customer will formally confirm our appointment through a letter of appointment or contract or purchase order.

Once we have been awarded with the project, we will then attend a kick-off meeting with the customer to discuss about the development and testing of the prototype including the type of materials, colour, dimension as well as the estimated quantity, and timeline for prototype development.

(iii) Template and prototype development

Thereafter, we will develop a template for the automotive covers to be manufactured based on the sample seat and/or interior part cover that have been provided to us. Our Technical Development department will first dismantle the sample seat and/or interior part cover to develop the physical template for each automotive cover component. They will utilise software applications such as AutoCAD, Adobe Illustrator, Adobe Photoshop and NScan to scan and draw the template, in order to convert the physical template into a digitised template of the automotive cover.

Our Technical Development department will then develop a prototype which will be sent to the customer for testing and installation. Upon confirmation of the prototype by the customer, the customer will typically sign off to confirm the prototype.

Prior to production, our Technical Development department will brief our Production department on the product design. We will perform 1 trial manufacturing cycle prior to every working shift to ensure the accuracy of the product measurement to manufacture the first fully completed automotive cover, and this first piece must be checked and approved by the QA/QC department before a full manufacturing cycle is initiated.

(b) REM**(i) Request for quotation**

Upon receipt of a request for quotation from automotive dealers, car owners, used car dealers, importers, car accessory retailers and automotive cover installers, we will request for information such as automotive vehicle model, type of material and colour and design specifications. We will then inform them about the time needed to complete the order.

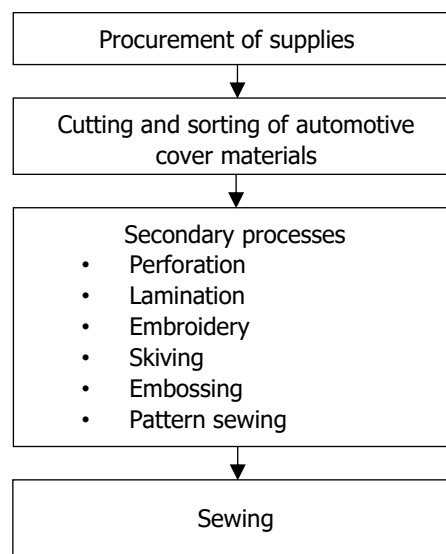
7. BUSINESS OVERVIEW (CONT'D)

(ii) Template development

Thereafter, we will develop a template for the automotive covers to be manufactured based on the sample seat and/or interior part cover that have been provided to us. Our Production personnel at our PJ Hub or Singapore Hub will first dismantle the sample seat and/or interior part cover and these cover(s) will be sent to Tampoi Plant. The Technical Development personnel in our Tampoi Plant will then develop the physical template for each automotive cover component. They will then utilise software applications such as AutoCAD, Adobe Illustrator, Adobe Photoshop and NScan to scan and draw the template, in order to convert the physical template into a digitised template of the automotive cover.

(iv) Manufacturing of automotive covers

The process flow for manufacturing of automotive covers is as depicted below:



(a) Procurement of supplies

Upon receipt of a purchase order to confirm the required quantity to be manufactured, we will procure automotive cover materials and supplies from our suppliers. The automotive cover materials and supplies include, but are not limited to, leather and synthetic leather automotive cover materials as well as parts, accessories and other supplies such as zippers, plastic strips and hooks. Upon receipt of automotive cover materials, we will perform QA/QC tests on the automotive cover materials and supplies to ensure that the quality of the automotive cover materials and supplies meets the customer's requirements. The detailed inspection carried out is described at **Section 7.10** of this Prospectus. The automotive cover materials and supplies with defects will be returned to our suppliers for replacement.

(b) Cutting and sorting of automotive cover materials

If the automotive cover material used is leather, our Production personnel will check, inspect and mark the imperfections on the leather with a chalk. These imperfections include scratches and line marks. This process is not applicable for other types of automotive cover materials.

7. BUSINESS OVERVIEW (CONT'D)

Subsequently, an automated nesting software is used to compute the most optimal manner to cut multiple shapes on the automotive cover material. For leather automotive cover materials, the automated nesting software will also take into account any imperfections that have been marked. The automated cutting machinery will then cut the automotive cover materials accordingly into automotive cover material cut pieces.

Thereafter, the automotive cover material cut pieces will be checked in terms of the sizing and defects. Then, the automotive cover material cut pieces will be sorted and grouped according to the respective automotive seat and interior part it has been cut for.

(c) Secondary processes

Depending on customer's design specification, the following secondary processes will be carried out:

- **Perforation**

Perforation is the process where a series of small holes will be punched and produced on the automotive cover material cut pieces. If required, we will carry out perforation process in which the automotive cover material cut pieces will be perforated using perforation machine.

- **Lamination**

After cutting and perforation, the leather automotive cover materials will first be affixed to a layer of foam using glue. The foam will be selected according to the required thickness of the customer's specification and cut based on the digitised templates developed. The leather automotive cover materials will be laminated together with foam using our lamination machine.

Synthetic leather pieces are typically prefixed to a layer of foam when procured and thus, this process is not applicable for synthetic leather. A multi-layer cutting machine will be used to cut the synthetic leather according to the digitised template, into automotive cover material cut pieces.

- **Embroidery**

During embroidery process, the automotive cover material cut pieces will be embroidered with a logo or graphic marks using the four-headed embroidery machine. Embroidery is an optional customisation and if required, we will carry out this process according to customer's design specification.

- **Skiving**

If required, skiving process will be performed in which the leather automotive cover material cut pieces are pared to reduce its thickness using our skiving machine.

- **Embossing**

During embossing process, the automotive cover material cut pieces will be embossed with artificial patterns using an electric emboss machine as well as a stamping and emboss machine.

7. BUSINESS OVERVIEW (CONT'D)

- **Pattern sewing**

The automotive cover material cut pieces will be placed on a jig and a sewing machine will be used to sew precise and symmetrical patterns based on digital design developed using the design software. These patterns require precision and thus, have to be sewn using the pattern sewing machine.

(d) Sewing

During the sewing process, the automotive cover material cut pieces are sewn and stitched together based on the product specification to make a complete automotive cover set. If required, the automotive seat cover set will be sewn with airbag cloth using an airbag sewing machine.

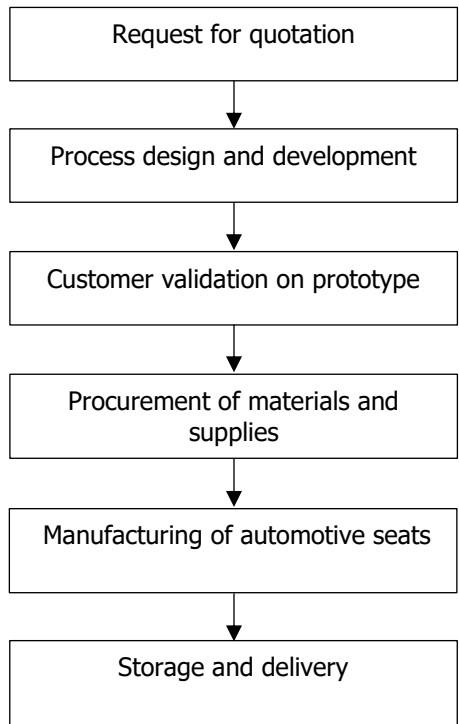
(v) Storage and delivery

After manufacturing the automotive covers, we will conduct a final inspection on the appearance of the product before delivery. We will check and inspect the surface of the cover for any wrinkles and dirt as well as check the stitches on the automotive covers. The inspected automotive covers will then be packed and stored at our warehouse in Tampoi Plant or at the PJ Hub before being delivered to our customer.

For customers in the PDI and REM market segments, we may reinstall the automotive covers onto the automotive seats. During this stage, we utilise our patent-pending apparatus and method to secure the automotive seat cover to the cushion of the automotive seat so that the automotive cover will be snug-fitted onto the automotive seat. We generally do not install automotive covers onto automotive seats for customers in the OEM market segment unless requested otherwise by our customers.

7.9.2 Manufacturing of automotive seats

The process flow for the manufacturing of automotive seats is as depicted in the diagram below:



7. BUSINESS OVERVIEW (CONT'D)

(i) Request for quotation

Upon receipt of a request for quotation by a prospective customer, we will first evaluate the specifications and requirements and conduct a profitability study on the project. We will then begin preparing a proposal, which includes proposed materials and pricing, for the prospective customer. The prospective customer will evaluate the proposal and formally confirm our appointment.

(ii) Process design and development

Next, our Technical Development Team will begin preparing the project schedule, producing 2D and 3D drawings of the prototype which will denote the seat dimensions, and obtaining technical information from the automotive vehicle OEMs. We will also obtain the technical assistance agreement from the principal automotive seat manufacturer.

We will then arrange a kick-off meeting with the customer and principal automotive seat manufacturer to clarify the technical specifications and requirements. The schedule is also fine-tuned according to the customer's requirements.

Once the project begins, we source the material, parts and tooling as well as set up the double conveyor line according to the technical requirements. Our Technical Development Team also develops a prototype which will undergo testing to ensure it complies with the technical requirements.

(iii) Customer validation on prototype

We will then send the prototype to the third-party testing facility or principal automotive seat manufacturer (as required by our customer) for them to perform testing on the prototype. They will revert to us with their feedback and we will carry out corrective actions when necessary. Some of the tests are also performed in-house by our QA/QC department.

(iv) Procurement of materials and supplies

Our materials and supplies are mainly automotive seat covers, padding, seatbelt, buckles, electrical parts, frames and side airbags. Once we receive the materials and supplies ordered, our QA/QC personnel will perform inspection to ensure that the materials and supplies are free from defects and the quantity and specifications are as per our purchase order.

(v) Manufacturing of automotive seats

During the manufacturing process, the kitting process will first be carried out where the various components required for the assembly of an automotive seats are gathered and grouped together. The automotive seat cover is then attached to the padding, which will then be affixed to the frame. For the front seats that require side airbags, the side airbag will be installed in the specific position of the automotive seat. The top and bottom cushions are joined before the relevant mechanism is attached to the bottom of the seat, depending on whether it is a power or manual seat.

Then, torquing and fixing of other accessories such as seatbelt, belt buckle, manual lever and/or recliner bolt will be carried out. The torque value varies according to the different installation positions of the bolt. Our QA/QC personnel will also perform checks and inspections on the torque.

After that, the headrest, armrest, as well as the wiring for side airbag, seatbelt reminder and power seats will be installed.

7. BUSINESS OVERVIEW (CONT'D)

Once an automotive seat is fully assembled, the automotive seat cover will be ironed to ensure a smooth surface, and a series of inspections and tests will be carried out by our QA/QC personnel on the automotive seat (as described in **Section 7.10** of this Prospectus). We utilise an error proof system throughout the abovementioned assembly process which will alert our Production personnel should a step be missed.

(vi) Storage and delivery

Before delivering the finished products to the customer, we will conduct a final inspection and test on the appearance and function of the automotive seats. The details of QA/QC processes that will be carried out are described in **Section 7.10** of this Prospectus. Then, we will pack the automotive seats and deliver to our customer.

7.10 QA/QC PROCEDURES

Our routine QA/QC activities are carried out by QA/QC personnel throughout the manufacturing process. The QA/QC procedures that we undertake are described below:

QA/QC procedure	Description
Incoming materials	<p>Upon receipt of materials and supplies for automotive covers and automotive seats from our suppliers, our QA/QC personnel will carry out an inspection to ensure that there is no shortfall in volume of materials and supplies ordered as well as there is no damage and surface defects on the items.</p> <p>For our automotive cover division, a visual inspection will be carried out on the leather automotive cover materials and any imperfections will be marked. Our QA/QC personnel will also perform various tests and inspections using different testing equipment on the materials and supplies. These include:</p> <ul style="list-style-type: none"> • measuring thickness and weight of automotive cover materials; • performing colour reading test using Spectro-guide colour test to measure and inspect the colour of the automotive cover materials, and this is used with a super daylight colour tester to evaluate the colour quality and uniformity under D65 (daylight); • using dyeing rubbing tester machine for determining the dyeing abrasion fastness level; • determining flexing resistance of automotive cover materials with a flexing tester; • measuring automotive cover material tensile strength; and • using Taber type abrasion tester to evaluate wear resistance of automotive cover materials. <p>In the event that the materials and supplies fail to meet our required specifications, we will request for replacement from our suppliers.</p>
In-process QA/QC checks at every stage of manufacturing process	<p>We will perform in-process QA/QC inspection and checks at the end of every stage of the manufacturing process to ensure that there are no surface defects and that the work done in each process is aligned with the design specification.</p>

7. BUSINESS OVERVIEW (CONT'D)

Specifically for the automotive seat division, we utilise an error proof system throughout the manufacturing process which will alert our Production personnel should a step be missed. Our QA/QC personnel will also perform checks and inspections on the value of the torque to ensure that it is in accordance to the customer specifications.

Final inspection or pre-delivery inspection

Final inspection on the automotive covers and automotive seats will be conducted to ensure the products meet the customer's specifications in terms of:

- dimension of final product (size and height);
- appearance (colour, alignment, stitch appearance as well as no scratches, sharp edges and frame exposure on the products);
- quantity of products ordered; and
- packaging of products to ensure they are well-packed to prevent damages during delivery.

We will also conduct the following checks and tests once the automotive seats are fully assembled:

- mounting structure check;
- function test on the electric motors of power seat;
- testing the seatbelt reminder wiring;
- testing the side airbag current resistance;
- manually testing the manual levers and knobs of manual seats for the adjustment of seat position and reclination; and
- testing the noise levels of the motorised functions in a sound proof room.

We will also conduct random sampling check on fully-assembled automotive seats to check the seat dimension, hip-point measurement, jig verification and equipment calibration on a periodic basis.

As at the LPD, we are certified with IATF 16949, which is a quality management system for the manufacturing of automotive covers. Further, we are in the midst of preparing the necessary documentations and undergo the required trainings in respect of the IATF 16949 certification for the manufacturing of automotive seats. We expect the audit by a certification body recognised by IATF to be completed by 2nd quarter of 2024 and obtain the IATF 16949 certification for our manufacturing of automotive seats by 3rd quarter of 2024.

7.11 RESEARCH AND DEVELOPMENT ("R&D")

Our R&D activities are generally carried out by our Technical Development personnel to enhance our operational processes in order to improve our operational efficiency and quality of our products. We constantly keep abreast with latest technologies used in the automotive cover and seat manufacturing industry as well as in other manufacturing industries.

As at the LPD, we have also developed a patent-pending apparatus and method for assembling automotive seat cover onto an automotive seat. The apparatus includes a flexible strap and fastening loop which serve to secure the automotive seat cover to a cushion of an automotive seat tightly, such that the automotive cover is able to be snug-fitted onto the cushion of the automotive seat without any looseness and floating formation. We have submitted an application to MyIPO to patent this apparatus, and this application is currently being examined and verified by the MyIPO, as detailed in **Section 7.22 of this Prospectus**.

7. BUSINESS OVERVIEW (CONT'D)

7.12 TECHNOLOGY USED

Our Group utilises the following technology for our manufacturing activities:

(a) Automated cutting machineries and automated nesting software

We utilise automated cutting machineries and automated nesting software. The automated nesting software computes the most optimal manner to cut multiple shapes on an automotive cover material, taking into account any defects marked on the automotive cover material. This allows us to optimise the utilisation of automotive cover materials.

Meanwhile, the automated cutting machineries enable the cutting of automotive cover materials into the required shapes of automotive cover material cut pieces, in accordance to the arrangement of digitised templates created by the automated nesting software.

(b) Template development software

We use template development software applications such as AutoCAD, Adobe Illustrator, Adobe Photoshop and NScan to scan and draw templates, in order to convert the physical template into a digitised template of the automotive cover. These digitised templates are precise 2D and 3D drawings used in our manufacturing of automotive covers.

(c) Error proof system

The error proof system is a system that is used to detect and prevent steps or processes from being missed. It will alert our Production personnel should a step or process is missed. We utilise the error proof system in our manufacturing of automotive seats.

7.13 SEASONALITY AND CYCLICALITY

Our business divisions are correlated with the manufacturing and sales of automotive vehicles. Automotive vehicle sales and manufacturing are cyclical and dependent on the general economic conditions and other factors, including closure of automotive vehicle manufacturing plants, consumer spending and preferences as well as changes in interest rate levels and consumer confidence. Automotive vehicle sales and manufacturing in Malaysia are also impacted by government policies, regulations, initiatives and incentives.

7.14 BUSINESS DEVELOPMENT, SALES AND MARKETING

Our Executive Director, Go Yoong Chang leads the business development of Gosford Malaysia and Feytech SB while our Executive Director, Tan Sun Sun oversees the Sales and Marketing department for the REM and PDI market segments in Malaysia. Our Chief Executive Officer, Connie Go oversees all sales and marketing activities for the REM market segment in international markets. All of these Key Senior Management personnel are assisted by personnel in the Business Development (for OEM segment) and Sales and Marketing departments (for REM and PDI segments). As at the LPD, we have 21 personnel in our Business Development and Sales and Marketing departments to undertake the planning and executing of marketing strategies such as:

(i) Direct approach

We typically target automotive vehicle OEMs from the local and international markets, whereby we will make direct contact with automotive vehicle OEMs. As part of our marketing approach for OEM services, we assess and evaluate a customer's manufacturing environment to prepare a proposal and quotation before we secure the project. This approach provides us with the opportunity to obtain knowledge of the project and required product specifications.

Our active participation in reaching out to new automotive vehicle OEMs allows us to create awareness of our Group and services offered.

7. BUSINESS OVERVIEW (CONT'D)

(ii) Referrals from existing customers

With over 20 years of experience in the automotive seat and cover industries, we have established a strong network of past and existing customers. As part of our business development strategy, we place emphasis on maintaining and building our business relationship with our existing customers by working directly and closely with our customers on a regular basis. This is to ensure that all of our customers' needs are met effectively and efficiently. As such, we have secured recurring orders from our existing customers due to our track record of providing quality services that meet their needs and requirements. We will continue to cultivate and enhance our business relationship with our customers by continuously maintaining the quality of our products and services.

(iii) Digital marketing and corporate website

Our Group recognises the importance of digital marketing being adopted as a medium to disseminate information for brand awareness purposes as well as to reach out to our target market more effectively. Thus, we maintain a profile on social media platforms such as Facebook (<https://www.facebook.com/gosfordseatHQ/>) and TikTok (username: @gosfordleatherhq_) where we post online content and videos to attract and interact with our existing and prospective customers. For the Singapore market, we maintain a profile on Sgcarmart, an online platform for buying and selling automotive vehicles, in which we include information about our products and services. We also advertise regularly on Sgcarmart. Through these platforms, we are able to keep our existing and prospective customers informed on our capabilities and products we offer.

In addition, we maintain a corporate website for our OEM, PDI and REM services for automotive seat and interior part covers products where we provide searchable information on our Group and our capabilities. Our corporate website provides a point of contact with potential customers who have enquiries about our range of products and services. Our corporate website is <https://www.feytech.com.my>.

(iv) Participation in industry-related associations

We have participated in industry-related associations in order to create more networking opportunities. Our Chief Operating Officer, Chua Khe Gee is the Vice President of the Mazda Malaysia Vendors Association. The association organises visits to other manufacturing plants which allows us to gain insights into the manufacturing process and understand product changes through constant innovation and development, as well as to promote customer-supplier relationship and gather market intelligence.

(v) Attendance at industry-related events

In view of the travel restrictions arising from the COVID-19 pandemic since early 2020, we temporarily suspended our participation in tradeshow, exhibitions and events between 2020 and 2021. Nonetheless, we began attending events in 2022. We attended the Asia Pacific Leather Fair ASEAN which is a leather and fashion material exhibition in 2022, and the Japan Mobility Show which is an automotive show for cars, commercial vehicles and motorcycles in 2023.

Events enable us identify the latest trends in relation to automotive seats and interior parts, such as designs, colours and materials.

7. BUSINESS OVERVIEW (CONT'D)

7.15 INTERRUPTIONS TO BUSINESS AND OPERATIONS AND IMPLICATIONS ON OUR BUSINESS OPERATIONS

Our Group has not experienced any other interruptions in business that had a significant effect on our operations during the period prior to the date of this Prospectus, save for disruptions resulting from the COVID-19 pandemic.

Impact Of COVID-19 pandemic and the MCO on our Group

The Malaysian Government had implemented various phases of MCO between 18 March 2020 to 1 November 2021 where mass gatherings were not allowed and businesses had to follow prescribed standard operating procedures ("SOPs") to operate, in order to curb the spread of the COVID-19 disease.

As a result, our Masai Plant in Johor Bahru, Johor was required to be temporarily closed between 18 March 2020 until we received approval from MITI on 24 April 2020 to operate during the MCO at 50% capacity. During this time, employees who are not involved in manufacturing activities worked from home.

During the Total Lockdown that was implemented on 1 June 2021, the Malaysian Government mandated closures of all economic sectors save for essential services and restrictions on movement, assembly and local travel. We received MITI approval to begin operating at our Tampoi Plant from 5 July 2021 at 10% capacity. Following this, on 18 August 2021, we received approval from MITI to operate at full capacity when 80.0% of our Group's employees were fully vaccinated. Our Kulim Plant 1 in Padang Serai, Kulim, Kedah was allowed to begin operating on 5 July 2021 after receipt of approval from MITI, at 10% capacity. Following this, on 30 September 2021, we received approval from MITI to operate at full capacity when 80.0% of our Group's employees were fully vaccinated.

Malaysia entered into the Endemic phase of COVID-19 since 1 May 2022 and since then, all restrictions limiting the number of employees in a workplace have been uplifted and SOPs were relaxed.

Meanwhile, the installation of automotive covers for customers at our Singapore Hub was disrupted during the circuit breakers implemented in Singapore from 7 April 2020 to 1 June 2020. Thereafter, our operations at Singapore Hub resumed at full capacity.

The implementation of the MCO in 2020 disrupted the manufacturing activities and the supply chain of the automotive industry, which saw the automotive cover industry size in Malaysia fell by approximately 23.0% from RM447.8 million in 2019 to RM345.0 million in 2020, as detailed in **Section 8** of this Prospectus. In view that our Group's business is tied to that of the automotive vehicle OEM's business and the automotive industry, our Group's financial results were adversely affected by the disruptions due to the MCO in the FYE 2020 whereby our Group recorded revenue of RM76.4 million. For information purposes only, Gosford Malaysia (being the largest contributor of our Group's revenue for our automotive cover division) had a total revenue of RM107.2 million in the FYE 2019 based on its audited financial statements for the FYE 2019*.

Note:

* The audited combined financial statements of our Group were prepared for the FY Under Review for the purpose of our Listing, hence, there is no audited combined financial statements of our Group for FYE 2019 being available. Therefore, investors must take note that the financial information for the FYE 2019 is not directly comparable to those for the FYE 2020 because the financial information for the FYE 2019 has not taken into account any inter-company transactions and/or balances (which are carried out for the purpose of preparing the combined financial statements).

Nevertheless, our Group's automotive cover division has since registered positive growth in view of the gradual reopening of economy and upliftment of MCO restrictions in 2021 and 2022. Our Group's automotive cover division recorded revenues of approximately RM85.2 million and RM107.4 million for the FYE 2021 and FYE 2022 respectively.

7. BUSINESS OVERVIEW (CONT'D)

7.16 MAJOR CUSTOMERS OF OUR GROUP

Our Group's top 5 customers for each of the FY Under Review are as follows:

No.	Name	Types of products sold	Country	Revenue contribution (RM'000)	% of total revenue (%)	Length of relationship ⁽¹⁾ (Years)
FYE 2020						
1.	APM companies* ⁽²⁾	Automotive seat covers	Malaysia	33,608	42.3	8 years
2.	Mazda Malaysia* ⁽⁵⁾	Automotive seat covers and interior part covers	Malaysia	14,666	18.5	5 years
3.	Adient companies* ⁽³⁾	Automotive seat covers	Malaysia	14,295	18.0	5 years
4.	Incharge Automotive Enhancements# ⁽⁶⁾	Automotive seat covers and fabric industrial face masks	Australia	3,248	4.1	4 years
5.	Delloyd companies*# ⁽⁴⁾	Interior part covers and automotive seat covers	Malaysia	1,815	2.3	5 years
Sub-total				67,632	85.2	
Total revenue				79,368		
FYE 2021						
1.	APM companies* ⁽²⁾	Automotive seat covers	Malaysia	40,008	47.0	9 years
2.	Mazda Malaysia* ⁽⁵⁾	Automotive seat covers and interior part covers	Malaysia	20,401	24.0	6 years
3.	Adient companies* ⁽³⁾	Automotive seat covers	Malaysia	11,924	14.0	6 years
4.	Retro Vehicle Enhancement Limited# ⁽⁶⁾	Automotive seat covers	New Zealand	1,043	1.2	2 years
5.	Ilusi Mantap Sdn Bhd^ ⁽⁶⁾	Automotive seat covers	Malaysia	964	1.1	6 years
Sub-total				74,340	87.3	
Total revenue				85,179		

7. BUSINESS OVERVIEW (CONT'D)

No.	Name	Types of products sold	Country	Revenue contribution (RM'000)	% of total revenue (%)	Length of relationship⁽¹⁾ (Years)
FYE 2022						
1.	APM companies* ⁽²⁾	Automotive seat covers	Malaysia	52,886	41.7	10 years
2.	Mazda Malaysia* ⁽⁵⁾	Automotive seat covers and interior part covers	Malaysia	24,330	19.2	7 years
3.	Kia Malaysia* ⁽⁵⁾	Automotive seats and interior part covers	Malaysia	19,968	15.7	1 years
4.	Adient companies* ⁽³⁾	Automotive seat covers	Malaysia	16,241	12.8	7 years
5.	Ilusi Mantap Sdn Bhd ^{^ (6)}	Automotive seat covers	Malaysia	1,587	1.2	7 years
Sub-total				115,012	90.6	
Total revenue				126,877		
FYE 2023						
1.	Mazda Malaysia* ⁽⁵⁾	Automotive seat covers, interior part covers and automotive seats	Malaysia	83,885	39.7	8 years
2.	APM companies* ⁽²⁾	Automotive seat covers	Malaysia	62,047	29.4	11 years
3.	Kia Malaysia* ⁽⁵⁾	Automotive seats and interior part covers	Malaysia	47,612	22.5	2 years
4.	Adient companies* ⁽³⁾	Automotive seat covers	Malaysia	5,299	2.5	8 years
5.	Ilusi Mantap Sdn Bhd ^{^ (6)}	Automotive seat covers	Malaysia	3,504	1.7	8 years
Sub-total				202,347	95.8	
Total revenue				211,223		

Notes:

- * Being our Group's customer under OEM market segment.
- ^ Being our Group's customer under PDI market segment.
- # Being our Group's customer under REM market segment.

7. BUSINESS OVERVIEW (CONT'D)

- (1) The approximate length of relationships is calculated at each of the respective FYEs.
- (2) APM companies comprises Auto Parts Manufacturers Co. Sdn Bhd, APM Delta Seating Systems Sdn Bhd and APM Plastics Sdn Bhd, being the Tier 1 automotive seat and/or interior part manufacturer appointed for the Local OEM, Mazda and Hyundai car models to which our Group's products are used.
- (3) Adient companies comprises Adient Automotive Seating (M) Sdn Bhd and Adient Automotive Components (M) Sdn Bhd, being the Tier 1 automotive seat and/or interior part manufacturer appointed for the Local OEM's car models to which our Group's products are used.
- (4) Delloyd companies comprises Delloyd Industries (M) Sdn Bhd and Delloyd Seatings (M) Sdn Bhd, being the Tier 1 automotive seat and/or interior part manufacturer appointed for the Local OEM's car models to which our Group's products are used and automotive cover installer.
- (5) Being an automotive vehicle OEM.
- (6) Being a car accessory retailer.

During the FYE 2020 to 2023, our Group's top 5 customers collectively contributed to 85.2%, 87.3%, 90.6% and 95.8% to our Group's total revenues respectively.

For the past 4 FYEs 2020 to 2023, our Group's major customers included Tier 1 automotive seat and/or interior part manufacturers (namely APM companies, Adient companies and Delloyd companies), automotive vehicle OEMs (namely Mazda Malaysia and Kia Malaysia) and car accessory retailers (Incharge Automotive Enhancements, Retro Vehicle Enhancement Limited, Ilusi Mantap Sdn Bhd).

In particular, our Group's major customers, namely APM companies, Mazda Malaysia, Kia Malaysia and Adient companies, collectively contributed 78.8%, 84.9%, 89.4% and 94.1% to our Group's revenue in FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively. For the avoidance of doubt, all the abovementioned major customers will order the required quantity of automotive covers and/or automotive seats via purchase orders. As at the LPD, save for the sales and purchase agreements with Mazda Malaysia and parts and supply agreements with Kia Malaysia as detailed in **Sections 7.19(b)** and **7.19(c)** of this Prospectus respectively, which sets out the obligations of our Group and our respective major customer, i.e., Mazda Malaysia and Kia Malaysia, without pre-determined price and quantity (which are based on purchase orders from our major customers), our Group does not have other long-term agreement with our major customers.

As a large proportion of our Group's revenues are contributed by the abovementioned customers (who are Tier 1 automotive seat and/or interior part manufacturers and automotive vehicle OEMs), our Group is thus dependent on these major customers in the respective FYEs. There is mutual dependency between our Group and our major customers who are Tier 1 automotive seat and/or interior part manufacturers as our Group is dependent on them to the extent of the purchase orders received from them while they are also dependent on our Group for the supply of automotive covers (the relationship between our Group and Tier 1 automotive seat and/or interior part manufacturers as detailed in **Section 7.2(i)** of this Prospectus). However, it is important to note that our Group is also dependent on the automotive vehicle OEMs that have appointed them namely, the Local OEM, Mazda Malaysia and Kia Malaysia, although these companies may not be our Group's direct customers. This is because the automotive vehicle OEMs that appoint the Tier 1 automotive seat and/or interior part manufacturers typically would have discretion to appoint our Group as the automotive cover manufacturer.

Please refer to **Section 9.1.2** of this Prospectus for details of the risk of our dependency on these major customers.

7. BUSINESS OVERVIEW (CONT'D)**7.17 MAJOR SUPPLIERS OF OUR GROUP**

Our Group's top 5 suppliers for each of the FY Under Review are as follows:

No.	Name	Country	Types of products / services purchased	Purchase value (RM'000)	% of total purchase (%)	Length of relationship⁽¹⁾ (Years)
FYE 2020						
1.	PKT companies ⁽²⁾	Malaysia	Interior parts and logistic services	9,551	26.3	6 years
2.	Toyo	Japan	Leather cover (semi-finished product)	7,706	21.3	4 years
3.	Supplier W*	Hong Kong	Synthetic leather, carpets as well as other parts and accessories	3,669	10.1	6 years
4.	Wang Jin Trading Limited	Hong Kong	Leather	2,801	7.7	1 year
5.	Industria De Peles Minuano Ltda	Brazil	Leather	2,273	6.3	2 years
Sub-total				26,000	71.7	
Total purchases				36,260		
FYE 2021						
1.	PKT companies ⁽²⁾	Malaysia	Interior parts and logistic services	17,317	47.4	7 years
2.	Supplier W*	Hong Kong	Synthetic leather, carpets as well as other parts and accessories	4,829	13.2	7 years
3.	Wansern companies ⁽³⁾	Malaysia	Foam and other parts and accessories	2,600	7.1	13 years
4.	Hongxing Auto Leather (Fujian) Dept Co., Ltd	China	Leather	1,952	5.3	2 years
5.	Industria De Peles Minuano Ltda	Brazil	Leather	1,204	3.3	3 years
Sub-total				27,902	76.3	
Total purchases				36,531		

7. BUSINESS OVERVIEW (CONT'D)

No.	Name	Country	Types of products / services purchased	Purchase value (RM'000)	% of total purchase (%)	Length of relationship⁽¹⁾ (Years)
FYE 2022						
1.	PKT companies ⁽²⁾	Malaysia and Singapore	Interior parts, automotive seat parts and logistic services	19,033	24.0	8 years
2.	Daewon	South Korea	Automotive seat parts and technical assistance services ⁽⁴⁾	12,854	16.2	1 year
3.	Supplier W*	Hong Kong	Synthetic leather, carpets as well as other parts and accessories	8,136	10.3	8 years
4.	Industria De Peles Minuano Ltda	Brazil	Leather	4,624	5.8	4 years
5.	Wansern companies ⁽³⁾	Malaysia	Foam and other parts and accessories	4,300	5.4	14 years
Sub-total				48,947	61.7	
Total purchases				79,272		
FYE 2023						
1.	PKT companies	Malaysia, Thailand and Singapore	Interior parts, automotive seat parts and logistic services	27,646	22.9	9 years
2.	Daewon	South Korea	Automotive seat parts	23,558	19.5	2 years
3.	Toyo	Japan	Leather cover (semi-finished product), automotive seat parts and technical assistance services ⁽⁵⁾	21,219	17.6	4 years
4.	Supplier W*	Hong Kong	Synthetic leather, carpets as well as other parts and accessories	8,733	7.2	8 years
5.	Living In Leather Srl	Italy	Leather	5,910	4.9	2 years
Sub-total				87,066	72.2	
Total purchases				120,546		

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- * Supplier W is a private limited company incorporated and having its principal place of business in Hong Kong. Supplier W is principally involved in trading of PVC materials and parts which are used in products such as, among others, door panel, dash board, car seats, chairs, furniture, fitness equipment and shoes. Supplier W's main export markets include United States, Japan, Korea, Singapore, Thailand, Indonesia, Mexico, Brazil, Argentina and Russia. Supplier W does not have a holding company. The name or identity of Supplier W is not disclosed in this Prospectus pursuant to Supplier W's request due to concerns regarding confidentiality of its customer base.
- (1) The approximate length of relationship is calculated at each of the respective FYEs.
- (2) PKT companies comprise PKT Consolidation Services (M) Sdn Bhd, PKT Consolidation Services Pte Ltd, PKT Logistics (M) Sdn Bhd and/or PKT Consolidation Services (Thailand) Co. Ltd.
- (3) Wansern companies comprise Wansern Foam Industry Sdn Bhd and Wansern Technology Sdn Bhd.
- (4) Technical assistance (e.g., technical data advice and training of Feytech SB's engineer) and technical data and information (such as assembly and parts drawings, and component list) in relation to the manufacturing of automotive seats for Kia Carnival car models exclusively provided by Daewon to Feytech SB pursuant to the Daewon Agreement.
- (5) Technical assistance (e.g., technical data advice and training of Feytech SB's engineer) and technical data and information (such as assembly and parts drawings, and component list) in relation to the manufacturing of automotive seats for Mazda car models exclusively provided by Toyo to Feytech SB pursuant to the Toyo Agreement.

For the past 4 FYEs 2020 to 2023, our Group's major suppliers included suppliers of automotive cover materials, parts and accessories, interior parts and automotive seat parts. Our Group's major suppliers over the past 4 FYEs comprises PKT companies, Daewon, Industria De Peles Minuano Ltda, Wansern companies, Hongxing Auto Leather (Fujian) Dept Co., Ltd, Toyo, Wang Jin Trading Limited, Supplier W and Living In Leather Srl.

There are many other available local and foreign suppliers of automotive cover materials, parts and accessories and automotive seat parts and thus, the automotive seat and interior part industry is not dependent on these major suppliers or any individual country for the supply of such supplies. In light of this, our Group is not dependent on Industria De Peles Minuano Ltda, Wansern companies, Hongxing Auto Leather (Fujian) Dept Co., Ltd, Wang Jin Trading Limited, Supplier W and Living In Leather Srl for the supply of automotive cover materials, parts and accessories.

Notwithstanding the above, our Group is required by automotive vehicle OEMs to purchase certain supplies, i.e., interior parts and automotive seat parts from PKT Consolidation Services (M) Sdn Bhd, PKT Consolidation Services Pte Ltd and PKT Consolidation Services (Thailand) Co. Ltd, automotive seat parts from Daewon and automotive cover materials from Toyo, for the manufacture of the respective automotive vehicle OEMs' automotive covers and/or automotive seats. Thus, in the event the automotive vehicle OEMs cease working with them and are not able to find a suitable replacement in a timely manner, our Group may face a temporary supply disruption. This is because the transitional period for the automotive vehicle OEMs to source for another suitable supplier may take several months, assuming they have not identified other suitable replacements. In light of this, our Group is dependent on these major suppliers to the extent that our Group continues to be required by the automotive vehicle OEMs to purchase interior parts, automotive cover materials and/or automotive seat parts from them. Nevertheless, PKT Consolidation Services (M) Sdn Bhd, PKT Consolidation Services Pte Ltd, PKT Consolidation Services (Thailand) Co. Ltd, Daewon and Toyo are also dependent upon our Group as our Group are appointed and instructed by the automotive vehicle OEMs to purchase the relevant materials from them to manufacture the finished goods.

7. BUSINESS OVERVIEW (CONT'D)**7.18 MATERIAL INVESTMENTS AND DIVESTITURES**

Save as disclosed below, our Group does not have any other material investments and divestitures for the FY Under Review and up to the LPD:

	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	1 January 2024 up to the LPD (RM'000)
<u>Investment costs</u>					
Land	-	-	-	13,783	-
Building	10,500	-	-	-	-
Machinery and equipment	1,777	1,057	1,425	1,933	131
Motor vehicles	47	63	946	831	-
Office equipment, electrical equipment and signboard	768	116	579	470	187
Right-of-use assets	2,843	3,791	76	10,148 ⁽²⁾	-
Renovation	937	228	83	48	-
Others ⁽¹⁾	103	103	115	69	54
Total	16,975	5,358	3,224	27,282	372
<u>Divestitures proceeds</u>					
Motor vehicles	-	-	144	618	200
Right-of-use assets	-	-	-	-	-
Machinery and equipment	-	81	36	-	-
Office equipment	-	-	-	2	-
Others ⁽¹⁾	-	-	28	15	7
Total	-	81	208	635	207

Note:

- (1) Others include computer and software, and furniture and fittings.
- (2) Mainly comprises the land for our Tampoi Plant.

The motor vehicles acquired by our Group during the FY Under Review are as follows:

- (i) For FYE 2020, 1 van for delivery purpose;
- (ii) For FYE 2021, 1 van for delivery purpose and 2 pallet trucks for warehouse purpose;
- (iii) For FYE 2022, 1 van for delivery purpose, 1 pallet stacker for warehouse purpose and 4 cars for use by our personnel (including our sales and marketing personnel); and
- (iv) For FYE 2023, 2 cars for use by our personnel (including our sales and marketing personnel).

In the FYE 2022, our Group disposed 2 motor vehicles which are in poor condition with approximately 10 years of age. In the FYE 2023, our Group disposed 2 motor vehicles that are not in use. From 1 January 2024 up to the LPD, our Group disposed 1 motor vehicle after acquiring 2 new cars in FYE 2023.

The above capital expenditure was primarily financed by a combination of internally-generated funds and/or bank borrowings.

7. BUSINESS OVERVIEW (CONT'D)

7.19 DEPENDENCY ON CONTRACTS, AGREEMENTS AND/OR ARRANGEMENTS

Save for the contracts and agreements as disclosed below, as at the LPD, our Group is not dependent on any other contracts, agreements and/or arrangements which are material to our business or profitability:

- (a) a supply chain terms of the Local OEM ("**Supply Chain Terms**") and various letters of acceptance⁽¹⁾ issued by the Local OEM from time to time prior to commencement of orders. The salient terms of the Supply Chain Terms and the letters of acceptance issued by the Local OEM (collectively, "**Contract Documents**") are as follows:

Purpose	<p>The Supply Chain Terms set out the general and specific terms and conditions that govern the relationship between the Local OEM and Gosford Malaysia:</p> <ul style="list-style-type: none"> (i) to develop parts for or on behalf of the Local OEM; (ii) for design, development, installation and commissioning and use of hard toolings by Gosford Malaysia for manufacturing and supply of parts to the Local OEM, if applicable; and (iii) for the supply of OEM parts or products (as may be specifically identified in letters of acceptance issued by the Local OEM to Gosford Malaysia from time to time) by Gosford Malaysia to the Local OEM. Gosford Malaysia undertakes to supply the original equipment manufacturer's parts of the Local OEM ("OEM Products") solely and exclusively to the Local OEM or any party nominated by the Local OEM.
Tenure	<p>The Contract Documents are not subject to a fixed tenure.</p> <p>Gosford Malaysia also undertakes to supply products to a party nominated by the Local OEM of vehicles specified by the Local OEM for supply of spare parts for a further period of 10 years after the run-down of production of such vehicles and shall not modify, transfer or dispose of any mould, tool, or jig used in the manufacture of the products without the prior written consent of the Local OEM.</p>
Contract value	<p>There is no fixed contract value in the Contract Documents. The prices for the OEM parts or products are set out in the letters of acceptance issued by the Local OEM to Gosford Malaysia from time to time and may subject to further negotiations between the Local OEM and Gosford Malaysia from time to time prior to commencement of orders for the relevant OEM parts or products.</p>
Termination / Withdrawal	<ol style="list-style-type: none"> 1. The Contract Documents may be terminated by the Local OEM without assigning any reason whatsoever and without any liability to the Local OEM, by written notice given to Gosford Malaysia not less than 180 days prior to the proposed date of termination. 2. The Local OEM may by immediate notice in writing to Gosford Malaysia, terminate the Contract Documents: <ul style="list-style-type: none"> (i) if Gosford Malaysia breaches the Contract Documents and does not remedy such breach within 30 days after written notice; (ii) if Gosford Malaysia breaches the terms for inspection between the Local OEM and Gosford Malaysia in relation to the OEM Products and does not remedy such breach within 30 days after written notice; (iii) Gosford Malaysia's licences are revoked or suspended;

7. BUSINESS OVERVIEW (CONT'D)

<p>Assignment and sub-contract</p>	<ul style="list-style-type: none"> (iv) if Gosford Malaysia becomes insolvent or an order being made, or a resolution passed to wind up its affairs or having a receiver appointed over a substantial part of its assets or execution or distress levied upon its assets; (v) if Gosford Malaysia transfers, charges or mortgages the buildings or equipment which are directly involved in the production of the OEM Products without the Local OEM's express written consent; (vi) failure by Gosford Malaysia to commence or cease manufacture of the OEM Products without just cause or reason; (vii) failure by Gosford Malaysia to deliver, according to the applicable ordering document or shop floor instruction, the quantity of the OEM Products ordered by the Local OEM or to deliver the OEM Products in accordance with the specifications; or (viii) failure to meet minimum standard as set by the Local OEM under its letters of acceptance. <p>3. If the Contract Documents are terminated, Gosford Malaysia shall compensate the Local OEM for losses suffered by the Local OEM arising from or in relation to the termination of the Contract Documents, including compensation for costs and damages associated with interruption of or decrease in production. In the event of termination, the Local OEM is entitled to purchase any equipment of Gosford Malaysia used in the manufacturing of the OEM Products at fair market price.</p> <p>4. If Gosford Malaysia withdraws itself from the letter of acceptance without the Local OEM's mutual agreement, the Local OEM shall have the right at its discretion, charge Gosford Malaysia with a penalty which to be determined by the Local OEM solely.</p> <p>1. Gosford Malaysia shall not without the prior written consent from the Local OEM assign any of its obligation or benefits under or arising from the Contract Documents.</p> <p>2. Gosford Malaysia shall not sub-contract any part of its works under the Contract Documents without obtaining the Local OEM's prior written approval. Gosford Malaysia shall not be relieved from its responsibilities and obligations under the sub-contract and from its sub-contractor's performance including Gosford Malaysia's obligation under the Contract Documents.</p>
<p>Liquidated ascertained damages</p>	<p>If Gosford Malaysia fails to fulfil its obligations under the Contract Documents, and as a result of which causes or contributes to a stoppage or disruption in assembly line production of the Local OEM's vehicles, Gosford Malaysia shall pay the Local OEM liquidated damages to be calculated for such stoppage or disruption in assembly line production until resumption of the assembly line production.</p>
<p>Warranty</p>	<p>Gosford Malaysia warrants that the OEM Products or parts supplied by Gosford Malaysia to the Local OEM shall be of merchantable quality, fit for purpose and free from defects as well as conform to the Local OEM's specifications. The warranties given by Gosford Malaysia for OEM Products or parts shall be for a period or distance travelled as stipulated in the Contract Documents.</p>

7. BUSINESS OVERVIEW (CONT'D)

Indemnity	<p>1. Gosford Malaysia shall indemnify, hold harmless and defend the Local OEM and their employees, agents, servants and representatives from and against any and all claims, demands, actions, proceedings, damages, losses, liabilities, costs and expenses (including reasonable solicitor's fees and costs) arising from or contributed by:</p> <p>(a) any default or breach or acts or omission of Gosford Malaysia, its servants or agents or any sub contactors, their servant or agents; and/or</p> <p>(b) any negligence or breach of statutory duty on the part of Gosford Malaysia, its servants or agents or any sub-contractors, their servants and agents.</p> <p>2. Gosford Malaysia warrants that the products supplied to the Local OEM or a third party designated by the Local OEM and replacement products and parts delivered during the warranty period shall be free from defects and of merchantable quality and fit for purpose. Gosford Malaysia shall compensate the Local OEM if a claim is made due to defects in the warranted products or the defective parts.</p>
Confidentiality	<p>The parties shall treat as secret and confidential and not at any time for any reason whatsoever disclose and/or permit to be disclosed to any person or persons or otherwise make use or permit to be made use of any information relating to the technology, technical processes, intellectual property, methodologies, business affairs or finances or any such information or any form of commercially sensitive information relating to the Local OEM or Gosford Malaysia or any affiliates, subsidiaries, related companies, suppliers and/or customers of the Local OEM or Gosford Malaysia. The parties agree and undertake that the obligations of the parties shall survive the termination or expiration of the letters of acceptance for any reason whatsoever.</p>

Note:

- (1) In total there are 9 existing letters of acceptance issued by the Local OEM for each specific variant or car model of the Local OEM on the following dates:
- (aa) 2 letters of acceptance dated 15 May 2018 and 3 letters of acceptance dated 3 August 2018, 3 February 2020 and 13 December 2021 respectively to GLSB, all of which were novated by GLSB to Gosford Malaysia on 5 January 2023. GLSB previously appointed Gosford Malaysia as an exclusive automotive cover manufacturer for the supply of parts for Local OEM car models. GLSB has not generated any revenue since financial year ended 30 June 2020 and decided to cease its business on 5 April 2023. GLSB was dissolved on 4 September 2023; and
- (bb) 3 letters of acceptance dated 1 December 2022 and 1 letter of acceptance dated 19 October 2022 to Gosford Malaysia.
- (b) Sales and purchase agreements with Mazda Malaysia
- (i) Sales and purchase agreement dated 20 September 2021 between Mazda Malaysia and Gosford Malaysia for Mazda CX-8 car model;
- (ii) Sales and purchase agreement dated 10 May 2022 between Mazda Malaysia and Gosford Malaysia for Mazda CX-30 car model;

7. BUSINESS OVERVIEW (CONT'D)

- (iii) Sales and purchase agreement dated 10 May 2022 between Mazda Malaysia and Feytech SB for Mazda CX-30 car model; and
- (iv) Sales and purchase agreement dated 15 May 2023 between Mazda Malaysia and Gosford Malaysia for Mazda CX-5 car model,

collectively, the "**Mazda SPA**", and Gosford Malaysia and Feytech SB in the Mazda SPA are referred to as the "**Supplier**". The salient terms of the Mazda SPA are as follows:

Purpose	The Supplier agreed to sell and Mazda Malaysia agreed to purchase the automotive parts specified in purchase order issued by Mazda Malaysia for vehicles manufactured by or for Mazda Malaysia and service parts.
Tenure	<p>1 year from the date of the Mazda SPA, and subject to automatic extension of every one (1) year unless either the Supplier or Mazda Malaysia gives notice to the other not to extend at least 6 months prior to the expiration of the term or extended term of the Mazda SPA.</p> <p>Note:</p> <p>The Mazda SPA also applies to the transactions of the product for servicing vehicles installed with the product. The obligation of the Supplier to supply such product for service shall continue for 10 years after Mazda Malaysia ceases purchasing the product for original equipment use.</p>
Contract value	The prices of the automotive parts and service parts shall be based on quotation submitted to Mazda Malaysia and upon the agreement between the Supplier and Mazda Malaysia shall be specified in purchase order of Mazda Malaysia.
Termination	<p><u>Termination</u></p> <ol style="list-style-type: none"> 1. The Supplier or Mazda Malaysia has the right to terminate the Mazda SPA with a notice to the other party if the other party has committed any breach of the provisions of the Mazda SPA and has failed to rectify such breach within two (2) months after the service of the notice to the other party. 2. The Supplier or Mazda Malaysia has the right to terminate the Mazda SPA with a notice to the other party upon the occurrence of any of the following events: <ol style="list-style-type: none"> (a) attachment, provisional attachment, auction, adjudication of bankruptcy, petition for corporate reorganisation or disposition for public sale due to arrears of taxes. (b) insolvency or suspension of payment. (c) transfer of the whole or any substantial part of the business undertaking or assets, or suspension of the business activities. (d) dissolution or merger.
Liquidated ascertained damages	The Supplier shall take full responsibility for any downtime occurred at Mazda Malaysia production line due to quality, delivery or shortage of product supplied by the Supplier. The rate for downtime charge is RM500 per minute. The Supplier shall be notified officially by the Mazda Malaysia on downtime claim.

7. BUSINESS OVERVIEW (CONT'D)

Warranty	<p>The Supplier warrants that the automotive parts supplied to Mazda Malaysia shall be free from defects in material, workmanship and design as well as comply with Mazda Malaysia's specifications. The warranties given by the Supplier for the basic coverage of the automotive parts supplied to Mazda Malaysia shall be a period of 36 months or 100,000 km mileage, whichever is earlier.</p> <p>If a breach of warranty is found prior to shipment by Mazda Malaysia of vehicles on which the Supplier's product has been installed or assembly kits into which the Supplier's product has been incorporated or the service parts of vehicle, provided that an analysis of the product will be performed by the Supplier and Mazda Malaysia shall determine whether the defects arises due to breach of warranty based on the Supplier's analysis. Mazda Malaysia shall notify the Supplier of that effect and the Supplier shall upon Mazda Malaysia's instruction compensate Mazda Malaysia for direct damage suffered by Mazda Malaysia due to such breach of warranty, dispatch immediately a replacement to Mazda Malaysia's plant free of charge, or dispatch a replacement and compensate Mazda Malaysia for the unrecovered portion of the direct damage (including the actual cost for procuring a replacement such as price amount, freight, insurance, customs duties and taxes, and the actual cost of labour for repairing, demounting, remounting and sorting defective or non-conforming products and damage parts).</p> <p>If any claim regarding injury to person or damage to property resulting from a breach of warranty, the Supplier shall be liable for any damage suffered by Mazda Malaysia due to such claim.</p>
Indemnity	<ol style="list-style-type: none"> 1. The Supplier warrants that the sale or use of its product shall not infringe any patent or registered utility model owned or entitled by any third party. The Supplier shall indemnify and hold harmless Mazda Malaysia and anyone selling or using vehicles installed with the product, from and against the expenses, damages and judgments arising from any claim or suit of such infringement provided, however, that the Supplier shall not be liable for the infringement due to the instructions given by Mazda Malaysia to the Supplier on design, pattern, or specifications of the product. 2. The Supplier may also be liable to pay compensation (which include actual costs for procuring replenishments) or damages to Mazda Malaysia due to: <ol style="list-style-type: none"> (a) shortage in quantity of the products delivered to Mazda Malaysia; (b) breach of warranty of the products supplied to Mazda Malaysia arising from malfunction or defects in material, workmanship or design (unless the defects arise due to the instructions given by Mazda Malaysia to the Supplier on the design, pattern or specifications of the product); (c) any claim regarding injury to person or damage to property resulting from a breach of warranty.

7. BUSINESS OVERVIEW (CONT'D)

Confidentiality	During the term of the Mazda SPA and thereafter, neither party shall disclose or divulge to any third party any confidential business or technical information of the other party which has been furnished by the other party or has come to its knowledge through transactions under the Mazda SPA. Further, neither party shall use such information for any purpose other than that of the Mazda SPA. Upon expiration or termination of transactions under the Mazda SPA, if Mazda Malaysia so requires, Supplier shall immediately return all specifications, drawings and other materials furnished by the other party and their reproductions.
Governing law	Laws of Malaysia.

- (c) Parts and supply agreements with Kia Malaysia
- (i) Parts supply agreement dated 17 January 2022 between Kia Malaysia and Gosford Malaysia; and
 - (ii) Parts supply agreement dated 17 January 2022 between Kia Malaysia and Feytech SB,

collectively, the "**PSA**", and Gosford Malaysia and Feytech SB in the PSA are referred to as the "**Supplier**". The salient terms of the PSA are as follows:

Purpose	Supplier shall sell and deliver automotive systems, modules, components and parts, including replacement and service parts, and related services (" Goods ") at the prices and quantities specified in Kia Malaysia's purchase order or scheduling agreement (collectively, the " Scheduling Agreement ") issued to Supplier containing detailed description, delivery date, price, and quantities of the Goods.
Tenure	The parts supply agreements are not subject to any fixed tenure. Supplier will supply service parts for 15 years after the model build out for of the Goods or such longer time as may be required by Kia Malaysia.
Contract value	The prices of the Goods are as set out in the Scheduling Agreement, which are not subject to increase and shall include storage, handling, packaging and all other expenses of Kia Malaysia. Supplier assumes the risk of any event or cause affecting prices, including foreign exchange rates, increases in raw material costs, inflation, increases in labour and other production and supply costs, and any other event which impacts the price or availability of materials or supplies for the Goods.
Termination	<u>Termination for convenience</u> Kia Malaysia may terminate all or any part of the PSA, Scheduling Agreement and any other documents provided by Kia Malaysia (collectively, " Order ") at any time without cause by written notice to the Supplier. Upon receipt of the termination notice, the Supplier shall proceed as directed by Kia Malaysia in the termination notice, including stopping work and terminating orders and subcontracts that relate to the terminated Order. <u>Termination for breach</u> In the event of a breach or a threatened breach by Supplier of any obligations under the Order, which would give rise to irreparable harm to Kia Malaysia, Kia Malaysia shall be entitled to exercise all rights and remedies that may be available to Kia Malaysia.

7. BUSINESS OVERVIEW (CONT'D)

	<p>Supplier also recognizes that failure to timely and fully perform its obligations will affect the viability of the manufacturing of the vehicles, and that Kia Malaysia will suffer substantial losses and damages which cannot be measured solely in monetary terms. Therefore, Kia Malaysia shall have the right to compel specific performance of the Order by Supplier or at its discretion to have a third-party contractor perform Supplier's obligations with the costs and expenses of Supplier.</p> <p>Kia Malaysia may terminate the Order upon written notice to Supplier if Supplier:</p> <ul style="list-style-type: none"> (i) fails to timely deliver conforming Goods that meet the quality and performance requirements; (ii) fails to perform any other provision of the Order and fails to cure such failure within a period of 10 days after receipt of written notice from Kia Malaysia specifying such failure; (iii) ceases doing business as a going concern or admits in writing its inability to perform its obligations under the Order as and when due; (iv) is merged into another company and/or is expropriated or nationalised; or (v) a change in control of Supplier occurs. In any such event, Kia Malaysia may cancel all or part of the Order without any liability, except for payment due for the Goods delivered and accepted. <p>Upon termination for Supplier's breach, Kia Malaysia shall be entitled to recover from Supplier all Losses, which Kia Malaysia may suffer as a result of such default by Supplier.</p> <p><u>Insolvency</u> Kia Malaysia may immediately terminate the Order without liability to Supplier upon the occurrence of any of the following events:</p> <ul style="list-style-type: none"> (i) insolvency of Supplier; (ii) filing of a voluntary petition in bankruptcy by Supplier; (iii) filing of any involuntary petition in bankruptcy against Supplier; (iv) appointment of a receiver or trustee for Supplier; (v) execution of an assignment for the benefit of creditors by Supplier, provided that such petition, appointment or assignment is not vacated or nullified within 15 days of such event, or (vi) Supplier's failure or inability, within 10 days of Kia Malaysia's written request, to provide reasonable assurance of financial stability or due performance. <p>Kia Malaysia shall have the right, among others, to immediately recover all machinery, equipment, supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns and other items (i) furnished by Kia Malaysia, either directly or indirectly, to Supplier to perform pursuant to the Order, or for which Supplier has been paid or reimbursed by Kia Malaysia pursuant to the Order or a separate purchase order, or (ii) of the Supplier which are used solely for the production of Kia Malaysia's Goods.</p>
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7. BUSINESS OVERVIEW (CONT'D)

Liquidated ascertained damages	<p><u>Non-conforming Goods</u> Any substitution of goods or material, without prior Kia Malaysia’s written approval, will be considered a breach of Kia Malaysia’s order. In such event, and without limiting its remedies, after notice to Gosford Malaysia and/or Feytech SB, Kia Malaysia may cancel the order for default, and cause removal of Gosford Malaysia and/or Feytech SB as a Kia Malaysia’s supplier.</p>
Warranty	<p>None.</p> <p>The Supplier warrants that the automotive parts supplied to Kia Malaysia shall be of merchantable quality and good material, workmanship and design, fit for purpose and free from defects as well as conform to Kia Malaysia’s specifications. The warranties given by the Supplier for the automotive parts supplied to Kia Malaysia shall be a period of 5 years or 150,000 km mileage from the registration date, whichever is earlier.</p>
Indemnity	<p><u>General indemnity</u> Supplier shall indemnify, defend, and hold harmless Kia Malaysia, its officers, directors, employees, affiliates, authorised distributors, dealers, agents, representatives, successors and permitted assigns from and against any losses, damages, liabilities, deficiencies, claims, actions, causes of action, judgments, suits, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind (including reasonable attorney’s fees, court costs, costs of enforcing any indemnification right, and costs of pursuing any insurance providers) whether direct, indirect, special, incidental or consequential, assessed administratively, judicially or by a regulatory action, based upon tort, product liability, warranty, contract, or otherwise (collectively, “Losses”), arising out of or related to:</p> <ul style="list-style-type: none"> (i) the Goods and Supplier’s performance under the Order; (ii) Supplier’s breach of warranty or any other provision of the Order; (iii) violation of any federal, state or local law, regulation, rule or ordinance by Supplier; (iv) Supplier’s employees claiming to be employed by Kia Malaysia; (v) Supplier’s negligence, errors, actions, omissions, or intentional misconduct; or (vi) the presence of Supplier or its representatives at Kia Malaysia. <p>Losses shall include without limitation damage to Kia Malaysia’s property or the property of others, personal injuries or death, economic losses and production downtime, except to the extent the damages are caused by the negligence or wilful misconduct of Kia Malaysia.</p> <p><u>Infringement of Intellectual Property</u> Supplier shall defend, hold harmless and indemnify Kia Malaysia, its officers, directors, employees, affiliates, authorized distributors, dealers, successors and assigns, against any claims of infringement (including patent, trademark, copyright, industrial design right, or other proprietary right, or misuse or misappropriation of trade secret) and resulting</p>

7. BUSINESS OVERVIEW (CONT'D)

Confidentiality	<p>damages and expenses (including attorney's and other professional fees, court costs, settlements and judgments) to the extent arising in any way from Supplier's acts or omissions regarding the Goods (including such claims where Supplier has provided only part of the Goods), as well as all machinery, equipment, supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns and other items (i) of the Supplier necessary for the production of the Goods, or (ii) furnished by Kia Malaysia, either directly or indirectly, to Supplier to perform pursuant to the Order, or for which Supplier has been paid or reimbursed by Kia Malaysia pursuant to the Order or a separate purchase order, drawings and specifications. Supplier expressly waives any claim against Kia Malaysia that such infringement arose out of compliance with Kia Malaysia's specifications.</p> <p>Unless otherwise provided in a separate confidentiality agreement between Kia Malaysia and Supplier, the specifications, drawings, designs, manufacturing data and other information transmitted between the parties in connection with the performance of the order, whether orally or written, electronic or other format, and whether or not marked, designated or otherwise identified as confidential are confidential property and may be covered by one or more patents, patent applications or copyrights. The receiving party will handle all confidential information in such a manner to ensure that it is not used for any purpose detrimental to the interests of the disclosing party. The receiving party shall not disclose any confidential information to any person or entity and shall not use such confidential information for the benefit of itself or any third party without obtaining the prior express written consent of the disclosing party. The receiving party shall protect and safeguard the confidential information with at least the same degree of care as it uses to protect its own confidential information, but in no event with less than a reasonable degree of care. The receiving party shall only disclose the confidential information to its personnel on a need-to-know basis in order to perform its obligations under the order. The receiving party shall remain responsible for any breach of confidentiality by any of its personnel.</p> <p><u>Exclusions:</u> Notwithstanding the foregoing, the obligations of confidentiality shall not apply to information that:</p> <ul style="list-style-type: none"> (i) is or becomes generally available to the public other than through a breach of the PSA; (ii) is or becomes available on a non-confidential basis from a third party with no obligation of confidentiality; (iii) was already known to it prior to disclosure; (iv) was independently developed without reference to the confidential information and such development can be supported by written records; or (v) is required to be disclosed pursuant to a final non-appealable court or regulatory order served or otherwise required by applicable law.
Governing law	Laws of Malaysia.

7. BUSINESS OVERVIEW (CONT'D)

(d) Daewon Agreement, of which the salient terms are as follows:

Purpose	<p>Daewon grants to Feytech SB an exclusive right to use the Technical Assistance⁽¹⁾ and Technical Information⁽²⁾ (collectively the "Deliverables") and Product⁽³⁾ manufactured in Malaysia as long as Feytech SB remains as the exclusive licensee to manufacture the Products in Malaysia.</p> <p>Notes:</p> <p>(1) "Technical Assistance" means the technical assistance rendered by Daewon to Feytech SB in the form of providing a technical data advice and training of Feytech SB's engineers for the purpose of assisting Feytech SB to manufacture the Product.</p> <p>(2) "Technical Information" means the technical data/documents such as assembly and parts drawings, component list and information in written, electronic or any other form, pertaining to the Product but shall not include technical and engineering information, know-how and data that Daewon is prohibited from public disclosure pursuant to applicable laws and regulations.</p> <p>(3) "Products" means the seat for KIA Carnival and its variant manufactured by Feytech SB in Malaysia.</p>
Term and expiry date	<p>Daewon Agreement shall be effective on the date of the agreement for a period of 5 years and expiring on 29 August 2026 or until the agreed vehicle model last whichever is later unless earlier terminated by the parties ("Term").</p> <p>The Daewon Agreement may be renewed upon mutual agreement of the both parties.</p>
Technical assistance fee and royalty fee and other fees	<p><u>One-off technical assistance fee</u> Feytech SB is required to pay a one-off technical assistance fee to Daewon within 30 days from the date of receipt of Daewon's fee invoice. The one-off technical assistance fee has been fully paid by Feytech SB in FYE 2021.</p> <p><u>Royalty fee</u> In case Feytech SB purchases any components to manufacture or assemble the Products ("Parts") for the vehicle during the Term, Feytech SB is required to pay a royalty fee for every vehicle set to Daewon. Feytech SB is required to provide a half-yearly written reports to Daewon by setting down the quantities of vehicle set delivered to Kia Malaysia and the amount of royalty fees due.</p> <p><u>On-site technical assistance fees</u> USD600.00 per Daewon's engineer or technician per day for training and Technical Assistance provided by Daewon to Feytech SB in Malaysia.</p> <p><u>Domestic technical assistance fee</u> USD300.00 per Daewon's personnel per day for training and Technical Assistance provided by Daewon to Feytech SB at Daewon's facilities.</p>

7. BUSINESS OVERVIEW (CONT'D)

<p>Warranty and liability</p>	<p>Daewon warrants that the Technical Assistance and Technical Information, the personnel provided and the Deliverables, including information on the Product does not and will not infringe the intellectual property rights of any third party.</p> <p>If there is any claims, action or patent dispute related to third party intellectual property rights as it relates to the Deliverables of Feytech SB, then Feytech SB shall be responsible and shall assume the defence thereof save and except where such claim, cause of action or patent dispute by third party is attributable to the use of the Technical Assistance and/or Technical Information provided by Daewon by Feytech SB.</p> <p>In such case, any intellectual property infringement or dispute attributable to the Technical Assistance and/or Technical Information rendered by Daewon, Feytech SB shall forthwith notify the dispute to Daewon and thereafter both parties shall coordinate and assist mutually in the processing and resolution of the dispute.</p> <p>Daewon shall be responsible solely for all costs and expenses for any legal or arbitration proceedings, including solicitors costs and expenses for defending or resolving the dispute and shall indemnify and keep Feytech SB fully indemnified against any and all liability, loss, damage, costs (including legal costs on a full indemnity basis), expenses, claims, charges incurred or suffered by Feytech SB arising from any claims for infringement of trademark, copyright, patent or any other intellectual property right.</p> <p>Any award, litigation expense, settlement cost and expense, and all other costs associated with the resolution of dispute shall be paid to Daewon provided always and subject to Feytech SB having been duly indemnified in accordance with the Daewon Agreement.</p>
<p>Confidentiality</p>	<p>The obligations of the parties to keep confidential of the information under the Daewon Agreement shall survive any termination or expiration of the Daewon Agreement and shall be maintained for the period of 2 years from the termination or expiration of Daewon Agreement.</p>
<p>Termination</p>	<p>(i) Either party may terminate Daewon Agreement, if the other party significantly breaches any of its obligations under Daewon Agreement and such breach shall continue uncured for a period of 30 days after the breaching party's receipt of written notice specifying in detail the nature of the breach from the non-breaching party.</p> <p>(ii) Daewon may terminate Daewon Agreement immediately upon written notice if Feytech SB ceases to do business for any reason or becomes subject to any bankruptcy, insolvency, reorganisation, liquidation or other similar proceedings, which proceedings are not dismissed within 30 days thereafter.</p> <p>(iii) Either party may terminate Daewon Agreement if competitor(s) of a party invests in the other party which changes the composition of the management or actual control of such other party, and as a result thereof, continuation of Daewon Agreement is deemed to have adverse effect on the first mentioned party. This clause however, shall not apply in case the invested party is listed on any securities exchange or registered with a similar securities market.</p>

7. BUSINESS OVERVIEW (CONT'D)

<p>Other salient term</p>	<p>(iv) In the event of termination of Daewon Agreement by Daewon, then Feytech SB shall: (i) immediately cease any use or application of the Technical Information and the Deliverables, and (ii) within 30 days of the effective date of termination, return all Technical Information to Daewon.</p> <p>The rights and obligations of Daewon under the Daewon Agreement may not be transferred or assigned directly or indirectly by operation of law or otherwise, without the prior written consent of Feytech SB.</p>
<p>Dispute and governing law</p>	<p>The parties agree to resolve amicably any controversy, dispute or claim arising out of or related to the Daewon Agreement, failing which the parties shall submit such controversy, dispute, or claim via arbitration in accordance with the Rules of Arbitration of the country of the defaulting party.</p>

- (e) Parts Supply Agreement dated 25 July 2023 between Daewon and Feytech SB ("**Daewon PSA**"), of which the salient terms are as follows:

<p>Purpose</p>	<p>Daewon and Feytech SB shall trade vehicle seat parts and semi-finished products, based on Feytech SB's orders, required for the production of Kia Carnival model vehicle seats for Kia Malaysia in accordance with the terms and conditions of the Daewon PSA.</p>
<p>Tenure</p>	<p>The validity period of the Daewon PSA shall be 1 year from the date of the agreement. However, if either Daewon or Feytech SB does not express their intention to change or cancel the Daewon PSA in writing before the expiration of the contract period, it shall be automatically extended by 1 year.</p>
<p>Contract value</p>	<p>There is no fixed contract value in the Daewon PSA. The prices for the vehicle seat parts and semi-finished products are subject to further negotiations between Daewon or Feytech SB from time to time prior to commencement of orders.</p>
<p>Termination / Withdrawal</p>	<ol style="list-style-type: none"> 1. Daewon or Feytech SB may terminate the Daewon PSA for any of the following reasons: <ol style="list-style-type: none"> (a) if it is impossible to fulfil the terms of the Daewon PSA; (b) when a financial institution suspends transactions; (c) in the case of cancellation, suspension, etc. of business from the supervisory authority; (d) performance of the contract by receiving provisional seizure, provisional disposition, compulsory execution, etc. from a third party where it is deemed difficult; or (e) bankruptcy or filing an application for commencement of the company's liquidation procedure to the court. 2. Daewon or Feytech SB may notify the other party in writing of the rectification or performance of the Daewon PSA due to the following reasons and cancel or terminate any or all of the Daewon PSA if the rectification or the term of the Daewon PSA is not fulfilled after 15 days: <ol style="list-style-type: none"> (a) in the event of an unhealthy transaction; (b) other cases in which Daewon directly or indirectly indicates a refusal to perform the Daewon PSA.

7. BUSINESS OVERVIEW (CONT'D)

Warranty	<p>3. In addition to the reasons referred to in item (1) above, if a part or all of Daewon PSA is to be terminated due to unavoidable circumstances of Daewon or Feytech SB, it may be determined in consultation with the other party.</p> <p>Daewon agrees to a warranty of quality, including the warranty specified for all parts. Daewon shall provide, maintain and implement all measures, not limited to quality control standards, inspection standards and specifications, to maintain the quality of the product and manufacturing processes.</p>
Indemnity	None, save as disclosed under confidentiality provision.
Confidentiality	Daewon and Feytech SB shall not divulge to any third party any other party's business secrets (such as drawings, films, materials, moulds, identities, passwords, trade secrets, etc.) known under the Daewon PSA and individual contracts. Daewon and Feytech SB shall indemnify the other party if they cause damage to the other party in violation of the provision on confidentiality.
Governing law	If there is a dispute and the parties fail to reach an agreement, such dispute shall be finally settled through arbitration in accordance with the arbitration rules of the Korean Commercial Arbitration Board.

(f) Toyo Agreement, of which the salient terms are as follows:

Purpose	Toyo agrees to grant Feytech SB an exclusive licence to use, make and sell products utilizing the technology and know-how embodied in the materials, inter alia, design, bill of material, seat cover work instruction and related information (" Technology ") to be provided by Toyo and to be used in manufacturing of seats and seats components for a specific Mazda car model (i.e. Mazda CX-30) in Malaysia for Feytech SB's customer, namely Mazda Malaysia.
Term and expiry date	The Toyo Agreement is valid from the date of the agreement signed and remains valid until the end of production of seat for the Mazda CX-30 model in Malaysia unless terminated earlier by the parties (" Term ").
Royalty fee and technical support fee	<p><u>Royalties</u> The royalties fee payable by Feytech SB in connection with the Technology shall be as follows:</p> <ul style="list-style-type: none"> (i) Lump-sum royalty: A lump sum royalty which shall be paid by Feytech SB to Toyo on the start of production. The lump-sum royalty has been fully paid by Feytech SB in FYE 2022. (ii) Running royalty fee: Royalty fee per vehicle set, which is payable quarterly based on number of deliveries of vehicle. (iii) Feytech SB is required to guarantee a minimum annual royalties fee payment in connection with the Technology. <p><u>Technical support fees</u> The technical support fees payable by Feytech SB to Toyo for dispatch of Toyo's engineers to Feytech SB shall be as follows:</p> <ul style="list-style-type: none"> (i) JPY60,000 per day per Toyo's personnel (excluding sales personnel); and (ii) JPY40,000 per day for Toyo's sales personnel, regardless of number of people.

7. BUSINESS OVERVIEW (CONT'D)

<p>Indemnity</p>	<p>The technical support fees payable by Feytech SB to Toyo for technical support services provided at Toyo shall be JPY5,000 per hour. Any other support provided to Feytech SB by Toyo shall be charged in accordance with the actual cost including test that to be mutually agreed between the parties.</p> <p>Feytech SB shall be responsible for all liabilities arising from Feytech SB's manufacture of products by utilising the Technology whilst Toyo shall be responsible for any design issue.</p> <p>Feytech SB shall assume full responsibility for all issues and application of Toyo's recommendations and testing services. Should Feytech SB fails to use Toyo's recommendation, Feytech SB shall indemnify and hold harmless Toyo against any and all liability, damages, cause of actions and costs or expenses arising from the death or injury to any person, damage to any property or any other alleged or actual damages resulting from the use, application or non-use of Toyo's recommendations or testing services, Toyo's technical support, and Toyo's testing services.</p>
<p>Confidentiality</p>	<p>Feytech SB shall use the confidential information obtained by it under the Toyo Agreement for the purposes stated in the Toyo Agreement and shall not disclose any of the confidential information to any other party without the prior written consent of Toyo.</p>
<p>Termination</p>	<p>The Toyo Agreement and the licence granted by Toyo to Feytech SB shall be terminated in the following manner:</p> <ul style="list-style-type: none"> (i) when the Term expires; (ii) the parties agree to terminate the Toyo Agreement in writing; (iii) when either party breaches any provisions of the Toyo Agreement, and the non-defaulting party has given the defaulted party a written notice of such breach and its intention to terminate the Toyo Agreement, and the defaulted party has not cured the breach within 60 days of such notice; or (iv) when Feytech SB is no longer authorised to manufacture, assemble and/or supply automotive seat sets to Mazda Malaysia for the Mazda CX-30 model.
<p>Compensation</p>	<p>Any liabilities incurred by Feytech SB under the Toyo Agreement shall be mutually agreed between the parties and shall be payable within 30 days from the occurrence of such liabilities or the date of the termination of the Toyo Agreement and such sum shall be payable immediately by Feytech SB in full.</p> <p>Neither party shall make any financial demand on other party for compensation for its services performed under the Toyo Agreement, or refinement of its expenses incurred for facilities and advertisement etc. or its expenses caused by the termination of the Toyo Agreement.</p>
<p>Other terms</p>	<ul style="list-style-type: none"> (i) Feytech SB shall not assign or transfer the Toyo Agreement or any right or obligation under the Toyo Agreement to any person, partnership, corporation or other legal entity without the consent of Toyo. (ii) Any and all claim, dispute, controversy or difference arising out of the Toyo Agreement shall be settled amicably between the parties.

7. BUSINESS OVERVIEW (CONT'D)

Governing law	The validity, construction and performance of the Toyo Agreement shall be governed by and interpreted in accordance with the laws of Japan.
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7. BUSINESS OVERVIEW (CONT'D)

7.20 MAJOR APPROVALS, LICENCES AND PERMITS

Our Group is dependent on the following major approvals, licences and permits for our operations. Details of our major approvals, licences and permits for our operations as at the LPD are as follows:

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity Period	Major conditions imposed	Status of compliance
1.	Gosford Malaysia	MITI	Manufacturing licence Place of manufacturing : No. 1, Jalan Bayu 2/6, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor Darul Ta'zim.	<u>Issue date:</u> 16 April 2024 ⁽¹⁾ <u>Effective date:</u> 25 November 2022 <u>Expiry date:</u> The manufacturing licence is not subject to renewal, it is valid unless it is revoked under the Industrial Co-ordination Act 1975.	MITI and MIDA shall be notified of any sale of shares in Gosford Malaysia. The company must carry out its projects as approved and comply with the laws and regulations contained in Malaysia.	Complied. Gosford Malaysia has notified MITI and MIDA of the Acquisition of Gosford Malaysia via letter dated 11 September 2023. Complied.
2.	Feytech SB	MITI	Manufacturing licence ⁽²⁾ Place of manufacturing : Block B, Lot 4332, PT 300, Padang Meha Industrial Estate, 09400 Padang Serai, Kedah Products : Assembly of automotive seat Licence no. : A 025259	<u>Issue date:</u> 16 October 2023 <u>Effective date:</u> 28 June 2023 <u>Expiry date:</u> The manufacturing licence is not subject to renewal, it is valid unless it is revoked	MITI and MIDA shall be notified of any sale of shares in Feytech SB. Feytech SB's total full-time workforce must	Complied. Feytech SB has notified MITI and MIDA of the Acquisition of Feytech SB via letter dated 11 September 2023. To be complied by December 2024 ⁽³⁾ .

7. BUSINESS OVERVIEW (CONT'D)

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity Period	Major conditions imposed	Status compliance	of
3.	Gosford Malaysia	Majlis Bandaraya Johor Bahru	Business and advertising licence Premises : No. 1, Jalan Bayu 2/6, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor. Purpose : Automotive component factory, general administration office and warehouse for store Account no. : L2022L103541	under the Industrial Co-ordination Act 1975.	consist of at least 80% Malaysian citizens by 31 December 2024. The employment of foreign nationals including workers obtained through outsourcing is subject to the current policy. The company must carry out its projects as approved and comply with the laws and regulations contained in Malaysia.	-	-
						Issue date: 6 December 2023	
						Expiry date: 31 December 2024 ⁽⁴⁾	

7. BUSINESS OVERVIEW (CONT'D)

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity Period	Major conditions imposed	Status of compliance
4.	Trimex Malaysia	Majlis Bandaraya Petaling Jaya	Trade, business and industrial licence Premises : Lot 8246, Jalan 51A/225, Seksyen 51A, Petaling Jaya, 46100 Petaling Jaya, Selangor Purpose : Administration office, warehouse and store for automotive component Account no. : L160000158662	<u>Commencement Date:</u> 1 January 2024 <u>Expiry Date:</u> 31 December 2024 ⁽⁴⁾	Trimex Malaysia is not allowed to engage foreign workers without permit.	Not applicable as Trimex Malaysia does not have foreign worker.
5.	Gosford Malaysia	Majlis Bandaraya Petaling Jaya	Trade, business and industrial licence Premises : Lot 8246, Jalan 51A/225, Seksyen 51A, Petaling Jaya, 46100 Petaling Jaya, Selangor Purpose : Administration office, warehouse, store and installation of cushion covers for automotive component Account no. : L2780000655819	<u>Commencement Date:</u> 1 January 2024 <u>Expiry Date:</u> 31 December 2024 ⁽⁴⁾	Gosford Malaysia is not allowed to engage foreign workers without permit.	Complied.

7. BUSINESS OVERVIEW (CONT'D)

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity Period	Major conditions imposed	Status of compliance	of
6.	Feytech SB	Majlis Perbandaran Kulim	<p>Factory Licence (non-food)</p> <p>Premises : Block B, Plot 11, Lot 4332 PT 300, Jalan Baling, Kawasan Industri Padang Meha, 09400 Padang Meha, Kedah</p> <p>Purpose : Factory processing area, factory warehouse and office</p> <p>Account no. : L0023696-01</p>	<p>Issue Date: 13 June 2023</p> <p>Expiry Date: 12 June 2024⁽⁴⁾</p>	-	-	-

Notes:

(1) Gosford Malaysia first obtained its manufacturing licence for the Masai Plant on 25 June 2014. In July 2020, Gosford Malaysia relocated its manufacturing plant from the Masai Plant to the Tampoi Plant. Gosford Malaysia applied for amendment of the place of manufacturing at the Masai Plant as set out in the previous manufacturing licence to the Tampoi Plant, Gosford Malaysia obtained the manufacturing licence for the Tampoi Plant on 21 December 2022 with effective date from 25 November 2022.

On 8 August 2023, Gosford Malaysia applied for redefinition of products as set out in the manufacturing licence dated 21 December 2022 from "leather seat cover, PVC seat cover, leather panel/cover, gear knob with leather cover, steering wheel with leather cover and handbrake with leather cover" to "cover for seat, door panel, console panel, instrument panel, gear knob, steering wheel and handbrake". The new manufacturing licence with redefined products was issued on 16 April 2024.

For avoidance of doubt, the Gosford Malaysia's manufacturing licence for the Tampoi Plant does not contain the condition for Gosford Malaysia's total full-time workforce to consist of at least 80% Malaysian citizens.

7. BUSINESS OVERVIEW (CONT'D)

- (2) Feytech SB was incorporated on 1 April 2021 and had obtained an exemption letter from MIDA dated 4 October 2021 to exempt Feytech SB from applying for a manufacturing licence to undertake the automotive seat assembly at the Kulim Plant 1 as it had shareholders' funds of less than RM2.5 million and engaged less than 75 full-time employees. Since October 2022, the number of full-time employees in Feytech SB has increased from 74 to 87. Pursuant thereto, Feytech SB had on 16 October 2023 obtained the manufacturing licence for the Kulim Plant 1.
- (3) Feytech SB's full-time Malaysian employees make up of 101 out of 132 headcount, representing approximately 76% of its total full-time workforce as at the LPD. Feytech SB will recruit more Malaysian employees as part of its expansion of headcount to cater for its increasing operational activities and is expected to comply with the condition of having total full-time workforce comprising at least 80% Malaysian citizens by December 2024. As part of the steps undertaken by Feytech SB to recruit more Malaysian employees, Feytech SB has via recruitment agency and recruitment website to identify and recruit Malaysian employees.
- (4) Our Group will apply for renewal of the relevant licences (i.e., business and advertising licence, trade, business and industrial licence and factory licence) according to the prescribed period stated in the relevant by-laws of the local authorities prior to the expiry of the respective licences and the relevant local authorities will issue the renewed licence before the expiry of the licence. We have not experienced and do not foresee any risk of non-renewal of our licences.

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7. BUSINESS OVERVIEW (CONT'D)

7.21 MATERIAL PROPERTIES

7.21.1 Properties owned

A summary of the material land and buildings owned by our Group for our business operations as at the LPD is as follows:

No.	Registered / Beneficial owner	Title details / Property address	Description / Existing use / Intended use	Category of land use / Express condition / Tenure	Restriction in interest / Material encumbrances	Land area / Built-up area	Date of CF or CCC	NBV (RM'000)
1.	Gosford Malaysia ⁽¹⁾	<p><u>Title details:</u> Geran Hakmilik 488497 Lot 2052, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor</p> <p><u>Property address:</u> No. 1, Jalan Bayu 2/6, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor</p>	<p><u>Description:</u> 1 unit of a 3-storey factory (light industry) including 2 sub-basement floors containing: (i) 1-storey warehouse, and 2-storey office; (ii) 2-storey production area (basement level); (iii) 1 electrical substation unit.</p> <p><u>Existing use:</u> Tampoi Plant⁽¹⁾</p>	<p><u>Category of land use:</u> Industry / Industrial</p> <p><u>Express condition:</u> Nil</p> <p>This land shall be used for light industry for assembly of automotive components, and be built according to plans approved by the local authorities.</p>	<p><u>Restriction-in-interest:</u> None</p> <p><u>Encumbrances:</u> Nil</p>	<p><u>Built-up area:</u> 110,502.3 sq ft</p>	<p>14 October 2021</p>	<p>9,765 (as at 31 December 2023)</p>

Tenure:

Freehold

7. BUSINESS OVERVIEW (CONT'D)

Registered / Beneficial No. owner	Title details / Property address	Description / Existing / Intended use	Category of land use / Express condition / Tenure	Restriction in interest / Material encumbrances	Land area / Built-up area	Date of CF or CCC	NBV (RM'000)
2. Feytech SB ⁽²⁾	<p><u>Title details:</u> HSD 83979 PT 1104, Pekan Sungai Karangan, Daerah Kulim, Negeri Kedah</p> <p><u>Postal address:</u> No. 5, Lebuhraya Globalview 2, Globalview Industrial Park @ KIC, 09400 Padang Meha, Daerah Kulim, Kedah</p>	<p><u>Description:</u> Vacant land</p> <p><u>Intended use:</u> Kulim Plant 2</p>	<p><u>Category of land use:</u> Industrial</p> <p><u>Express condition:</u> The land contained in the title shall be used as an industrial site only</p> <p><u>Tenure of property:</u> Freehold</p>	<p><u>Restriction in interest:</u> Nil</p> <p><u>Encumbrance:</u> Charged to: (i) AmBank Islamic Berhad registered on 6 March 2023 (ii) AmBank Berhad registered on 4 December 2023</p>	<p><u>Land size:</u> 353,400.7 sq ft</p> <p><u>Built-up area:</u> Nil</p>	Not required as it is a vacant land as at the LPD.	13,783 (as at 31 December 2023) ⁽²⁾

Notes:

- (1) Gosford Malaysia owns the Tampoi Plant whereby the construction cost of the Tampoi Plant was borne by Gosford Malaysia whereas Eleven Docks is the registered owner of the land on which the Tampoi Plant is built. As at the LPD, Gosford Malaysia is leasing part of the master land from Eleven Docks for the Tampoi Plant pursuant to the Lease Agreement. Pursuant to the Lease Agreement, Gosford Malaysia is granted with the irrevocable right to register the lease on the part of the land occupied by Gosford Malaysia during the lease period subject to the subdivision of the master land by Eleven Docks within 6 months from the date of the Lease Agreement. On 10 November 2023, Eleven Docks' land surveyor has submitted an application for the subdivision of the master land to Johor Bahru land administrator office ("**Subdivision Application**"). As at the LPD, the Subdivision Application is pending the approval of the Johor Bahru land administrator office. Gosford Malaysia and Eleven Docks had on 5 March 2024 agreed to extend a period of 6 months for Eleven Docks to complete the subdivision of the master land. Further details of the Lease Agreement are set out in **Section 10.1.1** of this Prospectus.

7. BUSINESS OVERVIEW (CONT'D)

- (2) Feytech SB entered into a sale and purchase agreement dated 3 November 2022 to acquire the land for a total purchase consideration of RM13,782,600.00, on which Feytech SB intends to build the Kulim Plant 2 as detailed in **Section 4.5.3** of this Prospectus. The acquisition of the land was completed in October 2023 following the delivery of vacant possession by the vendor and payment of the remaining balance purchase consideration of RM1,378,260.00 (representing 10% of the total purchase consideration) to the vendor. The individual land title has been issued and registered in Feytech SB's name on 6 March 2023.

7.21.2 Properties rented or leased

As at the LPD, there are no other material land or buildings rented or leased by our Group for our business operations, save as disclosed below:

No.	Landlord	Tenant	Postal address	Description / Existing use	Tenanted land area / built-up area	Tenure	Monthly rental (RM)	Date of CCC/ Certificate of accommodation
1.	Eleven Docks Sdn Bhd	Gosford Malaysia	No. 1, Jalan Bayu 2/6, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor	Description: A parcel of industrial land Existing use: Tampoi Plant for manufacturing automotive covers	Land area leased: 99,750.6 sq ft ⁽¹⁾	1 October 2023 to 30 September 2053 (30 years) Renewal Period: None	29,900.00	Not applicable
2.	Flying Stars Sdn Bhd	Main tenant: Trimex Malaysia Sub-tenant: Gosford Malaysia	Lot 8246, Jalan 225, 46100 Petaling Jaya, Selangor Darul Ehsan	Description: Detached factory with 2-storey office block Existing use: PJ Hub for sales and installation of automotive covers	Built-up area: 12,667.5 sq ft	1 January 2023 to 31 December 2024 (2 years) Renewal Period: 1 January 2025 to 31 December 2026 (2 years)	23,000.00	CCC: 11 December 1993

7. BUSINESS OVERVIEW (CONT'D)

No.	Landlord	Tenant	Postal address	Description / Existing use	Tenanted land area/ built-up area	Tenure	Monthly rental (RM)	Date of CCC/ Certificate of accommodation
3.	Apprentec Industry Sdn Bhd	Feytech SB	Block B, Lot 4332, PT 300, Padang Meha Industrial Estate, 09400 Padang Serai, Kulim, Kedah	<u>Description:</u> 1-storey production block <u>Existing use:</u> Kulim Plant 1 for manufacturing of automotive seats and warehousing	<u>Built-up area:</u> 67,736.2 sq ft	1 May 2021 to 31 December 2024 ⁽²⁾ (3 years 8 months) <u>Renewal Period:</u> None (iii) 100,000 per month from 1 July 2024 to 31 December 2024	(i) 60,000.00 per month from 1 May 2021 to 30 April 2024; (ii) 75,000.00 per month from 1 May 2024 to 30 June 2024;	<u>CCC:</u> 31 July 2017
4.	Green Estate Sdn Bhd	Feytech SB	No. 6, Lebuhraya Globalview 2, Globalview Industrial Park @ KIC, 09400 Padang Meha, Daerah Kulim, Kedah	<u>Description:</u> 2 blocks of detached single storey factory and 2-storey office <u>Intended use:</u> Kulim Plant 3 for manufacturing of automotive seats and warehousing	<u>Built-up area:</u> 125,895.8 sq ft	1 July 2024 to 30 June 2027 (3 years) ⁽³⁾ <u>Renewal Period:</u> 1 July 2027 to 30 June 2030 (3 years) <u>Subsequent Renewal Period:</u> 2 terms of 3 years	RM201,000	<u>CCC:</u> - ⁽³⁾
5.	Eleven Docks Sdn Bhd	Gosford Malaysia	No. 17, 17A, 19 & 19A, Jalan Bayu 2/3 & No. 6, 6A, 8 & 8A Jalan Bayu 2/4, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor	<u>Description:</u> 4 units of double storey terrace factory <u>Existing use:</u> Staff hostel ⁽⁴⁾	<u>Built-up area:</u> 13,791.28 sq ft	1 July 2023 to 31 December 2026 (42 months) <u>Renewal Period:</u> 1 January 2027 to 31 December 2029 (3 years)	12,000.00	<u>CCC:</u> 25 September 1990 <u>Certificate of accommodation:</u> 18 October 2022

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) Land leased by Gosford Malaysia which forms part of the master land from Eleven Docks for the Tampoi Plant pursuant to the Lease Agreement. Further details on the Tampoi Plant and the Lease Agreement are set out in **Sections 7.21.1** and **10.1.1** of this Prospectus respectively.
- (2) On 8 December 2023, Feytech SB had received a letter from the landlord of Kulim Plant 1 whereby the landlord has decided to discontinue with the tenancy agreement dated 20 April 2021 for the rental of Kulim Plant 1 which expires on 30 April 2024. The landlord and Feytech SB had vide 2 letters dated 22 December 2023 and 27 April 2024 agreed to extend the tenancy of Kulim Plant 1 to 31 December 2024 to facilitate the relocation to Kulim Plant 3. Pursuant to the letter dated 27 April 2024, Feytech SB is entitled to terminate the tenancy of Kulim Plant 1 by serving a 2-month notice to the landlord during the tenancy extended period from 1 July 2024 to 31 December 2024.
- (3) The landlord of the Kulim Plant 3 granted Feytech SB a rent-free fit-out period from 1 May 2024 to 30 June 2024. The landlord of the Kulim Plant 3 is in the midst of procuring the CCC for the Kulim Plant 3 which is expected to be obtained by May 2024. Feytech SB will commence operation at the Kulim Plant 3 after the CCC is obtained in June 2024.
- (4) The express condition in the land titles of the Tampoi Hostel stated that the lands shall be used for double storey terrace factories. In view that current use of the land is not in line with the express condition in the land titles of the Tampoi Hostel, Eleven Docks had on 7 June 2023 submitted the application to Johor Bahru land administrator office to amend the express condition in the land titles to include the use of properties for hostel purpose and our Group expects the decision from the Johor Bahru land administrator office to be obtained by June 2024. Notwithstanding the inconsistency of the existing use of the premises and the express condition set out in the land title, Gosford Malaysia has obtained a valid certificate of accommodation for all 4 units of the double-storey factory from the Department of Labour Peninsular Malaysia under Ministry of Human Resources for its staff to occupy the Tampoi Hostel, which are valid for 3 years from 18 October 2022 to 17 October 2025.



In the event Eleven Docks is unable to obtain the approval for the above application from the Johor Bahru land administrator office by June 2024, Gosford Malaysia shall have the right to terminate the Tenancy Agreement without any compensation and relocate its staffs to a new hostel to be identified later. The relocation of staffs from Tampoi Hostel to new hostel to be identified, if necessary, is not expected to have significant impact on Gosford Malaysia's operation nor its financials.

As at the LPD, our Group is not in breach of any relevant laws, regulations, rules and requirements in respect of the above material properties owned, leased and tenanted by our Group which will have material adverse impact on our operations.

7. BUSINESS OVERVIEW (CONT'D)

7.22 INTELLECTUAL PROPERTY RIGHTS

As at the LPD, save for the registrations below, we do not have any other intellectual property right registered and/or in the process of registration:

Intellectual property right	Registered owner	Authority	Registration no.	Validity period	Class / Description	Status
<p><u>Trademark:</u></p>  <ul style="list-style-type: none"> Stylised word mark 	Trimex Malaysia	MyIPO	TM2022034714	<p><u>Date Registered:</u> 22 December 2022</p> <p><u>Expiry Date:</u> 22 December 2032</p>	<p>Class 12⁽¹⁾ Class 37⁽²⁾</p>	Registered
<p><u>Trademark:</u></p>  <ul style="list-style-type: none"> Word & Figurative 	Feytech SB	MyIPO	TM2022034715	<p><u>Date Registered:</u> 22 December 2022</p> <p><u>Expiry Date:</u> 22 December 2032</p>	<p>Class 12⁽¹⁾ Class 37⁽²⁾</p>	Registered
<p><u>Patent:</u></p> <p>An apparatus and a method for assembling a vehicle seat cover onto a vehicle seat</p>	Gosford Malaysia	MyIPO	PI2020001867	<p><u>Date of application:</u> 11 April 2020</p>	<p>The apparatus includes flexible strap, fastening loop, and stitching means. The flexible strap and fastening loop serve to secure the vehicle seat cover to a cushion of a vehicle seat tightly, such that the</p>	<p>Under substantive examination⁽³⁾</p>

7. BUSINESS OVERVIEW (CONT'D)

Intellectual property right	Registered owner	Authority	Registration no.	Validity period	Class / Description	Status
					upholstery cover is able to be snug-fitted onto the cushion of the vehicle seat without any looseness and floating formation.	

Notes:

- (1) Class 12 includes Vehicle seats; arm rests for vehicle seats; armrests for vehicle seats; child booster cushions for vehicle seats; child restraints for vehicle seats; child safety harnesses for vehicle seats; head-rests for vehicle seats; headrests for vehicle seats; safety belts for vehicle seats; safety harnesses for vehicle seats; automobile covers shaped; automobile seat covers; covers for vehicle steering wheels; fitted car seat covers; fitted covers for automobiles; fitted covers for car seats for children; fitted covers for children's car seats; fitted covers for vehicle steering wheels; fitted covers for vehicles; fitted covers for vehicles to protect against hail damage; fitted dashboard covers for vehicles; fitted seat covers for vehicles; fitted vehicle covers; fitted vehicle covers for automobiles; fitted vehicle seat covers; seat covers for automobiles; seat covers for vehicles; shaped automobile covers; shaped covers for automobiles; shaped covers for vehicles; shaped steering wheel covers for automobiles; shaped steering wheel covers for vehicles; steering wheel covers for automobiles; vehicle covers shaped; vehicle seat covers; leather upholstery for vehicle seats; leather upholstery for vehicles; upholstery for automobiles; upholstery for vehicle seats; upholstery for vehicles.
- (2) Class 37 includes custom installation of automobile interiors; upholstering; upholstering of vehicle seats; upholstery repair; leather care, cleaning and repair.
- (3) As at the LPD, the patent application is being examined and verified by the MyIPO to ensure that the patent application complies with all the legal requirements for registration prior to acceptance by MyIPO for publication and opposition.

As at the LPD, our Group's business or profitability is not materially dependent on any trademarks or any other intellectual property as our Group mainly produces automotive covers and/or automotive seats based on the design and specifications determined by our customers.

7. BUSINESS OVERVIEW (CONT'D)

7.23 EMPLOYEES

As at the LPD, our Group employs a total workforce of 583 employees, which consists of 203 local employees and 380 foreign employees.

The breakdown of our Group's workforce as at 31 December 2023 and as at the LPD is as follows:

Category / Department	No. of employees				
	Permanent		Contract/temporary		Total
	Local	Foreign	Local	Foreign	
As at 31 December 2023					
Directors and Key Senior Management	5	-	-	-	5
Finance	16	-	-	-	16
Human Resources and Administration	15	-	-	-	15
Business Development (OEM)	5	1	-	-	6
Sales and Marketing (REM and PDI)	15	-	-	-	15
Technical Development					
• Automotive cover division	15	-	-	-	15
• Automotive seat division	10	-	-	-	10
Production					
• Automotive cover division	39	-	-	319	358
• Automotive seat division	52	-	-	22	74
QA/QC					
• Automotive cover division	6	-	-	18	24
• Automotive seat division	20	-	-	9	29
Information Technology	1	-	-	-	1
Total	199	1	-	368	568
As at the LPD					
Directors and Key Senior Management	5	-	-	-	5
Finance	12	-	-	-	12
Human Resources and Administration	14	-	-	-	14
Business Development (OEM)	4	1	-	-	5
Sales and Marketing (REM and PDI)	15	-	-	-	15
Technical Development					
• Automotive cover division	15	-	-	-	15
• Automotive seat division	10	-	-	-	10
Production					
• Automotive cover division	37	1	-	327	365
• Automotive seat division	58	-	-	22	80
QA/QC					
• Automotive cover division	7	-	-	20	27
• Automotive seat division	24	-	-	9	33
Information Technology	1	-	-	-	1
Legal	1	-	-	-	1
Total	203	2	-	378	583

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, none of our Group's employees is a member of any union and there has not been any major industrial dispute.

7.24 GOVERNING LAWS AND REGULATIONS

The following are the major laws and regulations governing the conduct of our Group's business which may materially affect our business operations:

(a) Industrial Co-ordination Act 1975 ("ICA")

Pursuant to the ICA and the Guideline on Application for Exemption from Manufacturing Licence (ICA 10) issued by MIDA, all manufacturing companies with shareholders' funds of more than RM2.5 million or engaging more than 75 full-time paid employees are required to apply for a manufacturing licence. 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 carries on any manufacturing activity without a valid manufacturing licence under the ICA is an offence and shall upon conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding six (6) months and to a further fine not exceeding RM1,000 for every day during which such default continues.

Despite a manufacturing licence has been granted, the licensing officer may in his discretion revoke such licence if the manufacturer to whom the licence is issued:

- (i) has not complied with any condition imposed in the licence;
- (ii) is no longer engaged in the manufacturing activity in respect of which the licence is issued;
- (iii) or has made a false statement in his application for the licence.

The licensing officer may also withhold or suspend the revocation of the licence if he is satisfied that the act or omission on the part of the manufacturer under the above situations was due to some cause beyond his control and there is a reasonable prospect of such act or omission being remedied within such period as the licensing officer may direct.

As at the LPD, Gosford Malaysia and Feytech SB, which carry out manufacturing activities in Tampoi Plant and Kulim Plant 1, respectively, hold valid manufacturing licences issued by MITI as disclosed in **Section 7.20** of this Prospectus.

(b) Factories and Machinery Act 1967 ("FMA")

The FMA and the relevant regulations made under the FMA, including the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970, mainly govern the control of factories with respect to matters relating to the safety, health and welfare of person in the factories as well as the registration and inspection of machinery.

The FMA provides that the occupier of factory has a duty to maintain the standards of safety of appliances and machinery in his factory, and the health and welfare of his factory workers. These include provisions requiring the taking of precautions against fire, the proper maintenance of safety appliances and machinery, the keeping of a clean factory, and the mandatory reporting of accidents and dangerous occurrences to the inspector of factories and machineries.

7. BUSINESS OVERVIEW (CONT'D)

Section 19(1) of the FMA further states that no person shall operate or cause or permit to be operated any machinery which requires a certificate of fitness, unless a valid certificate of fitness has been issued in relation to the operation of the machinery under the FMA. If a valid certificate of fitness is not obtained for a machinery, an inspector of factories and machineries appointed under the FMA shall serve upon a notice in writing to prohibit the operation of such machinery or render such machinery inoperative until a valid certificate of fitness is issued. A person who operates or causes to be operated a machinery may be subject to a fine not exceeding RM150,000 or imprisonment for a term not exceeding 3 years, or both.

For the purposes of FMA,

- (i) the term "machinery" includes steam boilers, unfired pressure vessels, fired pressure vessels, pipelines, prime movers, gas cylinders, gas holders, hoisting machines and tackle, transmission machinery, driven machinery, materials handling equipment, amusement device or any other similar machinery and any equipment for the casting, cutting, welding or electro-deposition of materials and for the spraying by means of compressed gas or air of materials or other materials but does not include:
 - (aa) any machinery used for the propulsion of vehicles other than steam boilers or steam engines;
 - (bb) any machinery driven by manual power other than hoisting machines;
 - (cc) any machinery used solely for private and domestic purposes; or
 - (dd) office machines; and
- (ii) the term "material handling equipment" includes any power-driven equipment for handling materials, and includes forklift, conveyor, stacker, excavator, tractor, dumper or bulldozer but does not include hoisting machine.

On 2 April 2024, the Factories and Machinery (Repeal) Act 2022 ("**FM Repeal Act**") was gazetted to repeal the FMA effective on 1 June 2024. However, any registration made, or order, notice, direction, written authority, approval, certificate of fitness, special scheme of inspection or certificate of competency given or issued, under the FMA shall, on the coming into operation of the FM Repeal Act, be dealt with under the Occupational Safety and Health Act 1994 and its subsidiary legislations, which will be the law of reference for all matters related to safety and welfare of persons at work.

As at the LPD, our Group holds valid certificates of fitness issued by the Department of Occupational Safety and Health Malaysia for the relevant machineries we use.

(c) Occupational Safety and Health Act 1994 ("OSHA")

The OSHA provides that it shall be the duty of every employer to ensure, so far as is practicable, the safety, health and welfare at work of all his employees as well as to protect others from risks to safety or health related to the activities of persons at work. The employer shall formulate a written safety and health policy with respect to the safety and health at work of his employees. Any failure to comply with the general duties of employers as prescribed under the OSHA constitutes an offence and the employer may be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 2 years or to both.

The employer shall also establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work. An occupier of a place of work is also required to employ a competent person to act as a safety and health officer at the place of work.

7. BUSINESS OVERVIEW (CONT'D)

Simultaneous with the FM Repeal Act coming into effect, the Occupational Safety and Health (Amendment) Act 2022 ("**OSH Amendment Act**") will come into operation on 1 June 2024. The OSH Amendment Act, when comes into operation, will provide amongst others:

- (i) a right to an employee to remove himself from the danger or the work if he has reasonable justification to believe there exist an imminent danger at his place of work, and the employer has failed to take any action to remove the danger;
- (ii) the obligation of an employer to conduct a risk assessment in respect of the safety and health risk posed to any person who may be affected by his undertaking at the place of work and the implementation of risk control to eliminate or reduce said safety and health risk; and
- (iii) provisions relating to notification of occupation of place of work, and installation and inspection of plants, including the prescription of any plant for which a certificate of fitness is required.

Upon the OSH Amendment Act comes into operation, failure to comply with the general duties of employers under the amended OSHA constitutes an offence and the employer is liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 2 years or to both.

As at the LPD, there has been no non-compliance by our Group in relation to the OSHA. Our Group has formulated a documented standard operating policies and procedure on occupational safety, health and environmental plan. We have established safety and health committees and a certified safety and health personnel has been appointed to monitor the safety and health related matter of our Group.

(d) 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 among others:

- (a) emit or discharge environmentally hazardous substances, pollutants or wastes into the atmosphere, any inland waters or the Malaysian waters;
- (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

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.

7. BUSINESS OVERVIEW (CONT'D)

Among other regulations, the Environmental Quality (Scheduled Waste) Regulations 2005 ("**Regulations 2005**") specify 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 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, be rendered innocuous before disposal;

Any person shall place, deposit or dispose of, or cause or permit to place, deposit or dispose of, except at prescribed premises, any scheduled wastes on land or into Malaysian waters without any prior written approval of the Director General of environmental quality, may be liable to imprisonment for a term not exceeding 5 years and a fine not exceeding RM500,000.

As at the LPD, our Group has not received any notices, penalties or reprimands from the Department of Environment for non-compliance of the environmental laws and regulations.

(e) Fire Services Act 1988 ("**FSA**")

The FSA prescribes the effective and efficient functioning of the Fire and Rescue Department, for the protection of persons and property from fire risks or emergencies. The FSA provides that fire certificate will be issued to designated premises after Bomba has carried out an inspection and is satisfied that there are adequate fire-fighting equipment and fire safety installation in relation to the use of the premises. A fire certificate shall be renewable annually.

If there is no fire certificate obtained in respect of any premises the use, size, or location, of which has been designated by the Director General of Fire and Rescue for the purpose of issuance of a fire certificate, the owners of such premises may become subject to a fine not exceeding RM50,000 or imprisonment for a term not exceeding 5 years or both.

As at the LPD, Tampoi Plant and Kulim Plant 1 have obtained valid fire certificates as required under the Fire Services (Designated Premises) (Amendment) Order 2020 while PJ Hub is not required to have a fire certificate.

(f) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("**EMSHAAA**")

The EMSHAAA prescribes the minimum standards of housing, nurseries and accommodation for employees (and their dependants, if applicable) as well as requires employers to provide health, hospital, medical and social amenities to their employees.

Employers are required to provide minimum space requirement for workers' accommodation, basic facilities as well as safety and hygiene standards.

Pursuant to Section 24D(1) of the EMSHAAA, no accommodation shall be provided to an employee unless certified with a certificate for accommodation from the Department of Labour of Peninsular Malaysia. An employer who contravenes Section 24D(1) of the EMSHAAA may be liable to a fine not exceeding RM50,000.

We have obtained the certificates of accommodation for the hostels occupied by our employees in Tampoi, Johor and Kulim, Kedah.

Our Group has also appointed a third party accommodation provider to provide accommodation for some of our employees who work at the Tampoi Plant and PJ Hub. The said third party accommodation provider has obtained the certificates of accommodation for the hostels occupied by our employees.

7. BUSINESS OVERVIEW (CONT'D)

(g) Local Government Act 1976

The Local Government Act 1976 and the by-laws of the respective local councils and authorities set out the requirements to obtain business and signage licences. Every licence or permit granted by the local authority may be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason.

Any person who operates any trade, business and industry without a valid licence may be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both.

As at the LPD, our Group holds valid business licences for all the premises occupied for its businesses.

(h) Trademarks Act 2019 of Malaysia ("Malaysia TMA") and Trade Marks Act 1998 of Singapore ("Singapore TMA")

The Malaysia TMA provides that:

- (i) a person infringes a registered trademark if he uses a sign which is identical with the trademark in relation to goods or services which are identical with those for which it is registered, in the course of trade, without the consent of the registered proprietor;
- (ii) a person infringes a registered trademark if, without the consent of the proprietor of the trademark, he uses in the course of trade a sign:
 - (aa) that is identical with the trademark and is used in relation to goods or services similar to those for which the trademark is registered; or
 - (bb) that is similar to the trademark and is used in relation to goods or services identical with or similar to those of which the trademark is registered,

resulting in the likelihood of confusion on the part of the public.

The similar provisions are also reflected in the Singapore TMA.

Based on Malaysia TMA and Singapore TMA, both provide that the registered proprietor has the right to institute Court proceedings against any person who has infringed or is infringing a registered trademark. In an action for infringement under the Malaysia TMA, the Court may grant relief including an injunction (subject to such conditions as the Court thinks fit), damages, an account of profits, or, in the case of infringement involving the use of counterfeit trademark in relation to goods or services, award of such additional damages as the Court considers appropriate. While under the Singapore TMA, the types of relief that the Court may grant include an injunction (subject to such terms, if any, as the Court thinks fit), damages, an account of profits, or, in the case of infringement involving the use of counterfeit trademark in relation to goods or services, statutory damages not exceeding SGD100,000 for each type of goods or service in relation to which the counterfeit trademark has been used and not exceeding in the aggregate SGD1 million, unless the claimant proves that the claimant's actual loss from such infringement exceeds SGD1 million.

As at the LPD, our Group has not been subjected to any action for breach or infringement of any intellectual property rights involving our Group's products.

Details of our major approvals and licences issued to our Group in order for us to carry out our operations are set out in **Section 7.20** of this Prospectus.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, save as disclosed above and in **Section 7.21.2** of this Prospectus, there is no breach of laws, regulations, rules or requirements governing the conduct of our business and environmental issues which may materially affect our Group's business or operations and usage of properties owned by our Group.

7.25 EXCHANGE CONTROL, REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT

The relevant policies on foreign investments, taxation and foreign exchange controls in Singapore and Australia in relation to the distribution of dividends, repatriation of capital and remittance of profit by or to our Group are set out below.

Singapore laws

(a) Exchange controls

Subject to Gosford Singapore adhering to the applicable provisions of the Companies Act 1967 of Singapore ("**Singapore Companies Act**"), there are no significant restrictions on the remittance of profits, dividend and the return of capital by Gosford Singapore to our Company (which is the holding company of Gosford Singapore in Malaysia). Under the laws of Singapore, Gosford Singapore may repatriate capital and/or remit profits to Feytech Holdings by way of:

- (i) share buy-backs;
- (ii) capital reduction;
- (iii) distribution of assets on a winding-up; and
- (iv) declaration of dividends.

(b) Dividend distribution

Subject to the Singapore Companies Act, the constitution of Gosford Singapore and the payment of applicable taxes under the laws of Singapore:

- (i) dividends may be paid only out of profits available for distribution. The constitution of Gosford Singapore provides for the declaration of dividends by ordinary resolution in a general meeting, but any dividend declared must not exceed the amount recommended by the directors of Gosford Singapore. There are no restrictions on payment of dividends to its shareholders provided there is no breach of any rule for internal monitoring for countering money laundering and terrorism; and
- (ii) the constitution of Gosford Singapore also provides that the directors of Gosford Singapore may from time to time pay to Feytech Holdings such interim dividends as appear to the directors to be justified by the profits of Gosford Singapore.

(c) Withholding tax

Dividends received in respect of the ordinary shares of Gosford Singapore by either Singapore tax resident or non-Singapore tax resident taxpayers are not subject to Singapore withholding tax, even if paid to non-Singapore resident shareholders.

Singapore has adopted the "One-Tier" Corporate Tax System ("**One-Tier System**"). Under the One-Tier System, the tax payable in respect of taxable corporate profits is the final tax and Gosford Singapore can pay tax exempt (1-tier) dividends which are tax exempt in the hands of its shareholders, regardless of the tax residence status or the legal form of its shareholders.

7. BUSINESS OVERVIEW (CONT'D)

Australian laws**(a) Foreign exchange controls**

Australia does not restrict the flow of currency into or out of the country. There are, however, cash reporting obligations under the Cash Transaction Reports Act 1988. To control tax evasion and money laundering, the Australian Transaction Reports and Analysis Centre (AUSTRAC) must receive reports of international currency transfers of AUD10,000 or more. AUSTRAC does not inhibit normal currency transfers associated with international trade. The Australian dollar is freely convertible. There are no specific foreign exchange restrictions regarding the remittance of dividends or capital.

(b) Payment of Dividends

Australian companies are entitled to pay dividends to their shareholder(s) where the directors of the company are satisfied that the payment of the dividend would be in compliance with the Corporations Act and the company's governing rules (replaceable rules, constitution and/or shareholders agreement, where applicable) and if so, the directors resolve to pay the dividend.

The Corporations Act provides that a company must not pay a dividend unless the:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) payment of the dividend does not materially prejudice the company's ability to pay its creditors.

For instance, the payment of a dividend would materially prejudice the company's ability to pay its creditors if the company would become insolvent as a result of the payment.

(c) Withholding taxes

The payments received by Trimex Australia from Australian customers under service contracts or invoices it has issued to the Australian customers are assessable income in Australia. Trimex Australia is required to pay Australian company tax on the assessable income less any deductible expenses.

Franking credits arise in Trimex Australia when company income tax is paid. Dividends to Malaysian company will not attract dividend withholding tax to the extent those dividends are fully franked, but will attract dividend withholding tax to the extent they are unfranked. Under the Australia/Malaysia double tax agreement (DTA), there is no dividend withholding tax to the extent that the dividend is fully franked (if Malaysian company has a voting interest in Trimex Australia of at least 10%), otherwise the dividend withholding tax rate is limited to 15%.

Returns of capital on the shares can be made tax-free up to the amount of the share capital in Trimex Australia. If there are any accounting profits in Trimex Australia, this is subject to integrity rules that may deem a return of capital to be an unfranked dividend, and an Australian Taxation Office private ruling may be recommended to be obtained before undertaking a capital return, depending on the circumstances. If there is a return of capital, the Malaysian company's cost base in the shares is reduced. The amount of any capital gains tax on any future sale of the shares is only relevant if Trimex Australia has any Australian real property interests which are the principal asset of Trimex Australia, such that the shares are treated as 'taxable Australian property'.

7. BUSINESS OVERVIEW (CONT'D)

An alternative to a return of capital is a selective share buy-back which for tax purposes will be a return of capital to the extent debited to the share capital account and a deemed dividend (frankable) to the extent of any excess amount. There are integrity rules as to the split of the buy-back consideration between the return of capital and deemed dividend. A buy-back represents a disposal of the shares bought-back, but again that only gives rise to capital gains tax considerations if the shares in Trimex Australia are regarded as 'taxable Australian property'.

Where and to the extent that Trimex Australia is funded by loans from the Malaysian company (or other foreign resident), interest payments to the Malaysian company (or other foreign resident) are subject to 10% interest withholding tax (deductible for income tax purposes subject to the thin capitalisation rules).

7.26 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

We are conscientious of factors affecting the environment, community and our employees. We also seek to instill an internal governance culture. To this end, we have implemented, and are in the midst of implementing, the following practices:

(i) Environmental

Our Group manufactures automotive covers and automotive seats. Our Group recognises that our business activities have direct and indirect consequences on the wider environment. We thus implement the following practices to reduce or minimise our impact on the environment:

- Monitoring electricity, water and emissions produced in order to reduce carbon emissions

The use of electricity and water are essential in our manufacturing process. Thus, we have begun to collect consumption data on electricity, water and emissions produced. With the consumption data, we will be able to roll out initiatives to effectively reduce and manage the consumption of electricity and water, and reduce carbon emissions.

Solar and LED lighting products are also used to be more energy efficient. In addition, in Singapore Hub, we have installed an electric vehicle charger and acquired an electric truck to deliver our automotive covers. The use of electric vehicles is expected to contribute to lowering carbon emissions.

In addition, we intend to invest in the installation of rooftop solar photovoltaic systems on our proposed new corporate office and Kulim Plant 2. We are also in the midst of installing rooftop solar photovoltaic systems for Tampoi Plant.

- Optimising the use of automotive cover materials to minimize wastages

We believe in the proper management of materials that are used in our manufacturing processes. Optimal usage of automotive cover materials would help minimise wastages and lead to a more sustainable environment.

In this respect, we utilise an automatic nesting software which records the usage of materials so that we can implement measures to minimize wastages and ensure that the correct amount of materials are used according to each job specification. The automatic nesting software also allows us to optimise material usage by computing the most optimal manner to cut multiple shapes on an automotive cover material.

7. BUSINESS OVERVIEW (CONT'D)

- Proper management of wastes

Our automotive cover and seat manufacturing processes generate both scheduled (hazardous) and non-scheduled (municipal) wastes. In this regard, responsible waste management can help reduce the environmental impact of our manufacturing processes by ensuring that industrial waste do not pollute the natural environment.

We only have 1 key type of scheduled waste, i.e. adhesive glue waste. We manage this waste by properly storing, treating and disposing the waste according to the Environmental Act, and appointing a licensed third-party schedule waste collector to conduct the collection, treatment and disposal of the said waste on a semi-annual basis.

Furthermore, we strive to control unscheduled waste on-site (such as leather scrap, PVC scrap and general wastes) by segregating wastes by type, as well as encouraging reuse and recycling practices.

Our Group also ensures that waste is recycled where possible, and that non-recyclable waste is disposed of responsibly.

(ii) Social

We recognise that our employees are valuable assets and as such, we strive to retain and nurture skilled talent through the following practices:

- Promoting equality and diversity

We provide equal opportunity to individuals from diverse backgrounds in our recruitment process, whereby we provide job opportunities solely based on individual merit. Thus, our workforce comprises individuals of diverse backgrounds and ethnicities.

We aim to have a workplace culture where all employees, regardless of their race, ethnicity, religion or gender, feel valued, respected and accepted and are encouraged to share their ideas.

Following the Government of Malaysia's direction to hire more locals, we strive to make our Group more attractive to local talents by improving the working environment and employee welfare.

- Promoting personal development

We retain skilled employees and attract new talents through providing continuous technical training and rewarding employees with competitive remuneration packages. We set a minimum number of hours for training per calendar year for all of our employees. The courses that are recommended for them to be enrolled into are nominated by managers and approved by our Key Senior Management team. By doing so, we believe that we are supporting our employees' professional development which would enhance their performance and productivity while increasing their value and future marketability.

- Donations

We contribute back to the society by donating to charitable funds. For the FY Under Review, we have donated approximately RM0.22 million for the betterment of underprivileged communities. Specifically, we have donated to establishments that provide financial assistance for poverty alleviation and medical support to underprivileged families as well as support and shelter for single mothers and orphans.

7. BUSINESS OVERVIEW (CONT'D)

(iii) Governance

We are committed to conducting our business ethically and in compliance with all applicable laws and regulations in Malaysia. These laws include but are not limited to the Malaysian Penal Code (revised 1977) (and its amendments) and the Companies Act 2016.

We also have established the following policies and guidelines:

- anti-bribery and anti-corruption policy and guidelines in compliance with the Malaysian Anti-Corruption Commission Act 2009 and its amendments;
- whistleblowing policy and guidelines;
- code of conduct and ethics;
- procurement management procedure which includes supplier evaluation and quality management system.

We also strive to source our supplies from local suppliers to enjoy better quality and lead time.

To this end, our Group's sustainability efforts are focused on enhancing our value propositions for our stakeholders and customers with the adoption of best practices. We will be watchful of the industry trends and adapt accordingly to remain at the forefront, and to stay relevant to its stakeholders.

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7. BUSINESS OVERVIEW (CONT'D)

7.27 BUSINESS STRATEGIES AND FUTURE PLANS

Our Group's business strategies and future plans are as follows:

7.27.1 We plan to expand our automotive seat manufacturing operations in order to cater for increasing orders for automotive seats

We ventured into the manufacturing of automotive seats in 2021 and Kulim Plant 1 presently houses 2 double conveyor lines to manufacture automotive seats for the Kia Carnival, Kia Sorento and Mazda CX-30 car models. As at 31 December 2023, Kulim Plant 1 has an annual manufacturing capacity of 36,000 seat sets and a total built-up area size of approximately 67,736.2 sq ft.

Although the utilisation rate of the production lines in Kulim Plant 1 is 23.5% as at FYE 2023, the floor area space in Kulim Plant 1 has been fully utilised with 2 double conveyor lines set up for the manufacturing of automotive seats as well as storage of both finished goods and incoming materials and supplies for automotive seat manufacturing for the said contracts. The manufacturing space utilised also include manufacturing space for offline processes performed on workstations to prepare the necessary materials and supplies before they are assembled on the double conveyor lines. In addition, the automotive seats and related parts manufactured are also quite large in size and thus, large space is required to store finished goods and incoming materials and supplies.

There is thus a need for larger floor space in order to cater for increasing orders of automotive seats for the said contracts with Kia Malaysia and Mazda Malaysia. For FYE 2023, we have sold approximately 8,451 seat sets as compared to 1,002 seat sets in FYE 2022. Further, we obtained a letter of award from Stellantis Gurun (Malaysia) Sdn Bhd and a multinational automotive vehicle OEM in Malaysia in 2023 and a multinational automotive vehicle OEM in Indonesia in January 2024, to manufacture automotive seats for their car models.

As at the LPD, we have developed and sent the prototypes for Stellantis Gurun (Malaysia) Sdn Bhd to the third-party testing facility for them to perform testing as part of the requirements of Stellantis Gurun (Malaysia) Sdn Bhd and are presently pending their feedback on the prototypes. We expect that we will commence the mass production of the automotive seats for Stellantis Gurun (Malaysia) Sdn Bhd in 3rd quarter of 2024.

As at the LPD, we have developed the prototypes for the multinational automotive vehicle OEM in Malaysia and presently awaiting the representative from the principal automotive seat manufacturer to perform testing on these prototypes. Meanwhile, we have yet to receive the materials and parts necessary to develop the prototypes from the automotive vehicle OEM in Indonesia. We expect that we will commence the mass production of the automotive seats for the multinational automotive vehicle OEMs in Malaysia and Indonesia in May 2024 and June 2024, respectively, at our Kulim Plant 1 (prior to the commencement of operations at Kulim Plant 3) or Kulim Plant 3 (which shall commence operations upon obtaining the CCC which is expected to be obtained in May 2024). We will manufacture and export the automotive seats for the multinational automotive vehicle OEM in Indonesia from our manufacturing plants in Malaysia.

In respect of our manufacturing of automotive seats activities, we intend to undertake the following:

- (a) Relocate our existing Kulim Plant 1 (which is currently rented) to Kulim Plant 3

On 8 December 2023, Feytech SB had received a letter from the landlord of Kulim Plant 1 ("**Landlord**") whereby the Landlord has decided to discontinue with the tenancy agreement dated 20 April 2021 for the rental of Kulim Plant 1 which shall expire on 30 April 2024. The Landlord and Feytech SB had vide a letter dated 22 December 2023 agreed to extend the tenancy of Kulim Plant 1 from 1 May 2024 to 30 June 2024 to facilitate the relocation of Feytech SB's manufacturing plant to Kulim Plant 3.

In view of the foregoing and to cater to our current need for additional manufacturing space and storage space for our manufacturing of automotive seats, we have identified Kulim Plant 3 with a larger built-up area of approximately 125,895 sq ft (as compared to Kulim

7. BUSINESS OVERVIEW (CONT'D)

Plant 1 which has a built-up area of approximately 67,736 sq ft), which located within the same vicinity of Kulim Plant 1. We have on 18 April 2024 entered into a tenancy agreement for the rental of Kulim Plant 3 with rental tenure commencing from 1 July 2024 to 30 June 2027 subject to a Fit-Out Period from 1 May 2024 to 30 June 2024 to allow our Group to carry out the relocation of our operations from Kulim Plant 1 and renovation works at Kulim Plant 3 while pending the procurement of the CCC for the Kulim Plant 3. In this regard, as a contingency plan in the event the CCC for Kulim Plant 3 is not obtained by the expected timing, Feytech SB had sought for further extension to the tenancy of Kulim Plant 1 from 1 July 2024 to 31 December 2024 which has been granted by the Landlord vide a letter dated 27 April 2024. For avoidance of doubt, prior to the obtainment of the CCC for the Kulim Plant 3, we will only carry out relocation and fitting works at Kulim Plant 3. The CCC for the Kulim Plant 3 is expected to be obtained by May 2024, upon which we will commence our operations at Kulim Plant 3. Further details of Kulim Plant 3 are set out in **Section 7.21.2** of this Prospectus.

Our management is of the view that the extension of tenancy of Kulim Plant 1 until 31 December 2024 is adequate to facilitate the relocation to Kulim Plant 3, including the obtainment of CCC for the Kulim Plant 3, after taking into consideration that the risk of prolonged delay in obtaining the CCC for the Kulim Plant 3 is minimal in view that, among others, the construction of the Kulim Plant 3 is in compliance with the relevant building requirements approved by the relevant authorities as confirmed by the third party professional engineer appointed for the construction of Kulim Plant 3 and Bomba had on 31 March 2024 provided its release letter in support of the CCC for the Kulim Plant 3.

As at the LPD, we carry out our manufacturing of automotive seats in Kulim Plant 1 which generated a revenue of approximately RM81.05 million, representing approximately 38.4% of our Group's total revenue, based on the audited combined financial statements of our Group for the FYE 2023. However, the relocation of our operations at Kulim Plant 1 to Kulim Plant 3 is not expected to have material adverse impact to our Group's operations and financial performance after taking into consideration, among others, the following:

- (i) the relocation from Kulim Plant 1 to Kulim Plant 3 will not disrupt our operations, including the continuity of supply of automotive seats to our customers, in view that the production/assembly lines, equipment and tools as well as the equipment for its other functions such as office, technical development and QA/QC can be easily dismantled and re-installed at the new premise (i.e. Kulim Plant 3) as the items do not involve complex installations and/or are movable items.

Our double conveyor lines at Kulim Plant 1 are flexible assembly lines comprising modular components which can be easily dismantled, reconfigured, rearranged or assembled to accommodate requirements of the automotive seats design or models. In this regard, we intend to relocate the 2 double conveyor lines from Kulim Plant 1 in stages over the Fit-Out Period, i.e. by firstly, relocating 1 double conveyor line to Kulim Plant 3, while continue to operate the other double conveyor line at Kulim Plant 1, and upon the first double conveyor line installed at the Kulim Plant 3 began production, the other double conveyor line will then be relocated from Kulim Plant 1 to Kulim Plant 3, to minimise disruptions to the operations of our manufacturing of automotive seats and we expect to fully operate from this Kulim Plant 3 by June 2024. The expected production downtime of each double conveyor line during the relocation from Kulim Plant 1 to Kulim Plant 3 is approximately 1 week, which shall not have any material impact to our ability to continue to supply automotive seats to our customers as:

- (aa) our Group will have 1 double conveyor line being operational throughout the relocation period;
- (bb) buffer stocks of finished goods that can be built prior to relocation in view that our automotive seats' customers typically place purchase orders for the required quantity of automotive seats for 1 month which allow us to plan our production schedule ahead; and

7. BUSINESS OVERVIEW (CONT'D)

- (cc) low utilisation rate of the double conveyor lines in Kulim Plant 1 (i.e., 23.5% for the FYE 2023) and additional storage space available at Kulim Plant 3 which will allow our Group to increase our production outputs of the remaining double conveyor line by increasing overtime by our workers within the allowable overtime limit when the other double conveyor line is offline while being relocated, where required.

Notwithstanding the above, in the event the expected benefits from the above mitigating steps did not materialise, the maximum potential impact to the financial performance of our Group is approximately RM3.04 million (including the estimated costs of relocations of RM0.28 million as detailed in item (ii) below), which represents less than 2% of the Group's revenue of RM211.22 million for the FYE 2023, as follows:

- (aa) loss of revenue from the expected production downtime due to the relocation of our double conveyor lines at Kulim Plant 1 is estimated at approximately RM1.56 million (being the average revenue per week generated from our manufacturing of automotive seats for the FYE 2023); and
- (bb) potential penalty or damages claims by our customers for any production downtime due to non-delivery of automotive seats by our Group. In this regard, for illustration purposes, based on the Mazda SPA, any production downtime suffered by Mazda Malaysia which is caused by our Group will result in our Group being liable to pay downtime charge of RM500 per minute to Mazda Malaysia, amounting to an estimated total downtime charge of RM1.20 million (assuming 8 hours production time per day for 5 days per week) for 1 week of downtime.

However, we wish to highlight that, in addition to our mitigating steps as detailed above, in ensuring that the relocation of our operations at Kulim Plant 1 will not affect our supply of automotive seats to our customers nor the production schedules of our customers, our Group has notified our customers on the impending relocation of our operations at Kulim Plant 1 and carried out production planning with our customers to ensure their order requirements can be met according to agreed schedule.

In addition to the above, our Group will incur additional rentals to be paid by our Group of RM100,000 per month (or up to RM600,000 in total) arising from the further extension to the tenancy of Kulim Plant 1 from 1 July 2024 to 31 December 2024 as a contingency plan in relation to the obtainment of the CCC including all other approvals required for the manufacturing of automotive seats activities and the operation at Kulim Plant 3.

- (ii) immaterial estimated costs of relocations, such as costs for dismantling and re-installation of production/assembly lines and equipment including testing and commissioning works as well as transportation costs, of approximately RM0.16 million (based on quotations obtained from third party service providers) and amount of impairment of renovation and fittings at Kulim Plant 1 as a result of the said relocation of approximately RM0.12 million.

Upon completion of Kulim Plant 2 as detailed below, our Group plans to operate from our own Kulim Plant 2 and the rented manufacturing plant. Both Kulim Plant 2 and Kulim Plant 3 are also within the same vicinity which will allow our Group to have flexibility in managing our production and storage space between both Kulim Plant 2 and Kulim Plant 3, depending on our customers' orders.

7. BUSINESS OVERVIEW (CONT'D)

(b) Set up an additional manufacturing plant at Kulim Plant 2

We have acquired a piece of land in Padang Serai, Kulim, Kedah, in October 2023, on which we will set up the Kulim Plant 2. This acquisition of the land for Kulim Plant 2 was funded by our Group's internally-generated funds and bank borrowings.

The land has an approximate land area of 8.1 acres or 353,400.7 sq ft and is within the vicinity of Kulim Plant 3. Kulim Plant 2 will comprise a manufacturing plant, warehouse, annex office building and staff hostel to cater for Production and Warehouse personnel for our automotive seat division. Kulim Plant 2 will have a total estimated built-up area of 84,000 sq ft, and will be built on 1.5 acres of the land. As at the LPD, there are no immediate plans to develop the remaining land area of approximately 6.6 acres. Our Group will reserve the remaining undeveloped part of the land for future expansion, the timing and scale of which will depend on our Group's business expansion needs and available funds.

The total manufacturing space and storage space for our manufacturing of automotive seats will increase from approximately 110,113 sq ft (estimated at our Kulim Plant 3) to approximately 165,113 sq ft (at our Kulim Plant 3 and Kulim Plant 2) after the completion of construction of Kulim Plant 2.

Kulim Plant 2 will be utilised as follows:

- Increasing the manufacturing space for additional offline processes or workstations

Our Group intends to relocate 1 unit of our double conveyor lines for the manufacturing of automotive seats from Kulim Plant 3 to the manufacturing plant at the Kulim Plant 2 which will enable both of the Kulim Plant 3 and Kulim Plant 2 to have additional manufacturing space for additional offline processes performed in workstations. These offline processes include processes such as attaching automotive covers to paddings, affixing these paddings to frames and installing airbags in the specific position of an automotive seat. These processes typically take longer time to complete and as such, have been identified as bottleneck on the main production/assembly line. Thus, these offline processes are performed in workstations to improve operational efficiency of the processes performed on the double conveyor lines.

With the relocation of 1 unit of our Group's double conveyor lines to the Kulim Plant 2, it is expected that our Group's combined manufacturing space for our manufacturing of automotive seats at both Kulim Plant 3 and Kulim Plant 2 will increase from 63,974 sq ft to 77,974 sq ft.

Such expansion of our manufacturing space will enable our Group to cater for higher order volume from both our existing and new customers as the additional offline processes or workstations are required to improve output to minimise bottleneck amidst the higher production volume expected.

- Providing additional space to store finished products and incoming materials and supplies and manufacturing

On top of the additional manufacturing space, the addition of Kulim Plant 2 would also enable both of the Kulim Plant 3 and Kulim Plant 2 to have additional storage space to cater for increasing volume of automotive seats manufactured by our Group and input materials and supplies.

With the relocation of 1 unit of our Group's double conveyor lines to the Kulim Plant 2, it is expected that our Group's combined storage space for automotive seats and seat parts at both Kulim Plant 3 and Kulim Plant 2 will increase from approximately 46,139 sq ft to approximately 87,139 sq ft. Such expansion of our storage space for automotive seats and seat parts will enable our Group to cater for increasing volume of input materials and supplies as well as finished goods which are large in size. We can also serve our customers better with availability of buffer stocks for

7. BUSINESS OVERVIEW (CONT'D)

materials and supplies required as well as finished goods to ensure short lead time to delivery can be achieved.

- Expanding housing facilities for production personnel

As at the LPD, there is no staff accommodation provided in Kulim Plant 1 and 30 of our Group's employees at the Kulim Plant 1 are staying at a rented property near to the Kulim Plant 1. The new staff hostel to be constructed on the Kulim Plant 2 is expected to house up to 100 staff and cater for our increased headcount as part of our expansion plan. For avoidance of doubt, there will not be any staff hostel at the Kulim Plant 3.

- Annex office building to accommodate the proposed expansion in headcount for the Production, Technical Development, QA/QC, Business Development, Information Technology, Human Resources and Finance departments to cater for increasing operational activities.

The annex office building will enable us to cater for an increased number of employees in the Production, Technical Development, QA/QC, Human resources and Finance departments as well as meeting room(s).

Kulim Plant 2 will also be installed with a rooftop solar photovoltaic system, which will enable us to not only utilise renewable energy for our manufacturing process but also reduce electricity costs.

As at the LPD, we are in the midst of preparing the planning permission and building plans in relation to Kulim Plant 2 and expect to submit these permission and plans to the relevant authorities in May 2024. The expected timeline for the construction of the Kulim Plant 2 is as follows:

By the 3rd quarter of 2024	<ul style="list-style-type: none"> • Obtain approval of planning permissions and building plan for construction and the relevant approvals (including the application for earthworks and drainage) from the relevant authorities • Commencement of construction works
By the 3rd quarter of 2025	<ul style="list-style-type: none"> • Completion of construction • Target submission of application for certificate of completion and compliance (or its equivalent) • Target submission of application to obtain the necessary licence, approvals or permits required for the commencement of operations
By the 4th quarter of 2025	<ul style="list-style-type: none"> • Expected approval and issuance of certificate of completion and compliance (or its equivalent) • To obtain the necessary licences, approvals or permits required for the commencement of operations • Expected commencement of operations

The amount of proceeds from our Public Issue of RM18.8 million earmarked for Kulim Plant 2 includes the construction cost of the manufacturing plant, warehouse, annex office building and staff hostel (including the interior refurbishment and installation of a rooftop solar photovoltaic system).

The setting up of Kulim Plant 2 will enable us to expand our headcount for the Production, Technical Development, QA/QC, Business Development (OEM), Information Technology, Human Resources and Finance departments for our automotive seat division to cater for increasing orders. In this regard, we intend to recruit 33 additional Production personnel, 9 additional Technical Development personnel, 12 additional QA/QC personnel, 3 additional Business Development personnel, 1 additional Information Technology personnel, 3 additional Human Resources personnel and 4 additional Finance personnel for our automotive seat division by 2025.

7. BUSINESS OVERVIEW (CONT'D)

- (c) Acquisition of a land in the Automotive High-Tech Valley in Tanjung Malim to cater for automotive vehicle OEMs in the region

As at the LPD, we have identified and placed a deposit (2% of the indicative purchase consideration of RM19.98 million) for a freehold industrial land in the Automotive High-Tech Valley in Tanjung Malim, amounting to RM0.40 million. The land has an approximate land area of 9.76 acres or 425,145.6 sq ft. The cost of acquiring the land of approximately RM19.98 million will be financed via our Group's internally-generated funds and bank borrowings. We are currently in the midst of negotiating the terms and conditions of the sale and purchase agreement in respect of the land acquisition with the vendor, which is expected to be finalised by June 2024.

We intend to set up an additional manufacturing plant on this land, namely Tanjung Malim Plant. We chose to set up an additional manufacturing plant in the Automotive High-Tech Valley in Tanjung Malim to expand our customer base for our automotive seat division to include the Local OEM and other automotive vehicle OEMs based in or accessible from the Automotive High-Tech Valley. This is because we can better serve the Local OEM as well as other automotive vehicle OEMs based in or accessible from the Automotive High-Tech Valley in respect of our automotive seats manufacturing operations (as compared to operating and deliver from our manufacturing plants located in Kulim, Kedah) which will improve our lead time and delivery schedule in view that the automotive seats and related parts manufactured are quite large in size. We can also expand our customer base as this would also increase our competitiveness in securing future contracts or orders from the Local OEM and/or potential customers in the Automotive High-Tech Valley by having short lead time and delivery schedule. We have conducted preliminary research on the accessibility of the said land and identification of the automotive vehicle OEMs based in or accessible from the Automotive High-Tech Valley that our Group could potentially serve from our new manufacturing plant in the Automotive High-Tech Valley.

The Tanjung Malim Plant will comprise manufacturing plants, warehouse and office building and is estimated to have a total built-up area of 250,000 sq ft once fully constructed. Nevertheless, we will only commence construction of the Tanjung Malim Plant upon securing contracts or orders from customer(s) based in or accessible from the Automotive High-Tech Valley. Further, the construction of the Tanjung Malim Plant is expected to be carried out in several phases with the actual specifications, design and layout as well as timing to be determined based on the contracts secured or potential orders from customer(s).

Due to the nature of the automotive seat manufacturing business, the automotive seat production/assembly lines are set up in the manufacturing plant according to the technical requirements provided by the automotive vehicle OEMs. As such, we generally work with the automotive vehicle OEMs on the timeframe to set up the manufacturing facilities, including the automotive seat production/assembly lines, after the contract has been secured as this timeframe may vary from customer to customer. For avoidance of doubt, we are not working with any automotive vehicle OEMs for the setting up of the Tanjung Malim Plant as at the LPD. The cost of setting up the Tanjung Malim Plant, which includes the costs of construction and acquisition of machineries and/or equipment, will be financed via our Group's internally-generated funds and bank borrowings.

7.27.2 We intend to expand our automotive covers division operations by setting up a new corporate office with manufacturing plant and warehouse

Currently, for our operations in Malaysia, we are operating from 3 locations, namely our Tampoi Plant in Tampoi, Johor, our Kulim Plant 1 in Kulim, Kedah and our PJ Hub in Petaling Jaya, Selangor.

Our Tampoi Plant, which is located in Johor Bahru, Johor, presently houses our headquarters and manufacturing plant for our automotive covers. In this regard, all of our headquarters and manufacturing activities share the same floor space of 110,502.3 sq ft.

7. BUSINESS OVERVIEW (CONT'D)

Our PJ Hub serves our customers in the central region of Malaysia. Our Group currently rents the PJ Hub (which is a factory with 2-storey office block having an approximate built-up area of 12,667.5 sq ft) from a third party as sales and installation hub. The PJ Hub mainly comprises the offices for our Sales and Marketing department for REM and PDI segments for central region and Business Development department for OEM segment as well as installation hub for repair and/or replacement of customised automotive seat covers that are sold to PDI and REM market segments. The current PJ Hub has been fully utilised and does not have sufficient space for us to increase our headcount and storage space as well as area for meetings with our customers.

In conjunction with our plan to scale up our operations to cater for increasing demand for our products and due to the fact that many of our customers' corporate offices are located in the Central region such as Petaling Jaya, Shah Alam and Rawang in Selangor, we intend to set up a new corporate office with manufacturing plant and warehouse in Klang Valley (i.e. Kuala Lumpur and Selangor) and relocate all our operations at the PJ Hub to this new corporate office with manufacturing plant and warehouse. This will enable us to better serve our customers in the central region of Malaysia with the expansion of our Sales and Marketing (for REM and PDI segments) and Business Development (for OEM segment) teams in the central region and ease of conduct of meetings at our premises (as compared to our current headquarters at our Tampoi Plant in Johor Bahru, Johor).

A comparison of the new corporate office with manufacturing plant and warehouse, which will have an estimated built-up area of up to 85,000 sq ft, against our existing PJ Hub is as follows:

No.	Purpose	Existing built-up area of PJ Hub (sq ft)	Estimated built-up area for new corporate office with manufacturing plant and warehouse (sq ft)
<u>Corporate office</u>			
(a)	Corporate office for Sales and Marketing department (for REM and PDI segments), Business Development (for OEM segment), future Corporate Finance and Planning department as well as meeting rooms	2,585	25,000
(b)	Sales showroom and customer lounge area for REM segment	-	5,000
<u>Manufacturing plant and warehouse</u>			
(c)	Installation of automotive covers onto automotive seats and interior parts (e.g. door ornaments and console), sewing of automotive covers as well as storage space for automotive covers (with and without interior parts)	10,083	55,000
Total estimated built-up area		12,668	85,000

As at the LPD, we are still in the midst of identifying the land to be acquired with an approximate land area of 3 acres or 130,680 sq ft to construct our new corporate office with manufacturing plant. The exact location and size of the land are subject to changes depending on the price and availability. Other criteria for selection of location and size of the land would include strategic site and proximity to our customers' location in Klang Valley as well as sufficient land area to construct our new corporate office with manufacturing plant and warehouse to cater for larger space for our business expansion in the Klang Valley area. We anticipate to identify and complete the land acquisition within 6 months from the date of our Listing.

7. BUSINESS OVERVIEW (CONT'D)

We intend to commence construction of our new corporate office with manufacturing plant immediately after the completion of the land acquisition. The construction works are estimated to take up to another 18 months to complete from the time the land is acquired. The envisaged key milestones in relation to the construction of this new corporate office with manufacturing plant are set out as follows:

1 month from completion of land acquisition	<ul style="list-style-type: none"> • Commencement on feasibility and assessment studies carried out by consultants and contractors for design and price quotes, and selection of consultants and contractors based on their proposals • Appointment of architect and other third party consultants to commence preparation of planning permission and building plans
6 months from completion of land acquisition	<ul style="list-style-type: none"> • Obtain approval of planning permissions and building plan for construction and the relevant approvals (including the application for earthworks and drainage) from the relevant authorities • Commencement of construction works
15 months from completion of land acquisition	<ul style="list-style-type: none"> • Completion of construction • Target submission of application for certificate of completion and compliance (or its equivalent) • Target submission of application to obtain the necessary licence, approvals or permits required for the commencement of operations
18 months from completion of land acquisition	<ul style="list-style-type: none"> • Expected approval and issuance of certificate of completion and compliance (or its equivalent) • To obtain the necessary licences, approvals or permits required for the commencement of operations • Expected commencement of operations

We estimate that the land cost will amount to approximately RM32.7 million (approximately RM10.9 million per acre or RM250 per sq ft). Our Group intends to acquire a piece of land with an approximate land area of 3 acres or 130,680 sq ft to construct our new corporate office with manufacturing plant and warehouse. We intend to utilise RM11.6 million from the gross proceeds of our Public Issue for this acquisition as detailed in **Section 4.5.1** of this Prospectus while the remaining will be funded via bank borrowings. We also estimate the total construction cost of the new corporate office with manufacturing plant and warehouse to be approximately RM21.1 million, comprising costs for construction of the building and installation of interior refurbishment of approximately RM19.1 million, which is estimated based on cost estimation procured by our Group from third party contractors of RM225 per sq ft of the built-up area, and installation of a rooftop solar photovoltaic system of approximately RM2.0 million, which will be funded via the gross proceeds of our Public Issue.

Our new corporate office with manufacturing facility will enable us to scale up operations through an increase in our Group's headcount in the Business Development department for OEM segment and Sales and Marketing department for REM and PDI segments. This will allow us to serve our existing customers in the central region of Malaysia better and secure new customers in the region as that is where most of the automotive companies' corporate offices are located. In this regard, we intend to recruit an additional of 2 Business Development and Sales and Marketing personnel by 2025. We will also set up our new Corporate Finance and Planning department at our new corporate office.

Currently, some of our automotive covers, which are manufactured in our Tampoi Plant, will be stored at our PJ Hub prior to delivery to our customers. We intend to relocate our operations at PJ Hub to this new manufacturing plant and warehouse. The new manufacturing plant and warehouse will have a larger space for installation of automotive covers onto automotive seats and installation of automotive covers with interior parts (e.g. door ornaments and console).

7. BUSINESS OVERVIEW (CONT'D)

Further, while sewing of automotive cover material cut pieces to form complete automotive covers is only undertaken at our Tampoi Plant at present, our new manufacturing plant in Klang Valley will have up to 15 new sewing machines to be purchased using the proceeds from our IPO as detailed in **Section 4.5.4** of this Prospectus. This will enable us to carry out sewing of automotive cover material cut pieces to form complete automotive covers at both the new manufacturing plant in Klang Valley and our Tampoi Plant. This would in turn improve our lead time and delivery schedule to better meet the requirements of our customers.

7.28 PROSPECTS OF OUR GROUP

We believe that our prospects in the automotive seat and cover industries in Malaysia are favourable, taking into account the recovery and long-term growth of the automotive industry, the sales targets of our customers, our competitive position set out in **Section 7.4** of this Prospectus, and our business strategies as set out above.

According to the IMR report by PROVIDENCE, the automotive cover and seat industry sizes in Malaysia are projected to grow at CAGRs of 8.6% and 6.7%, respectively, between 2024 and 2026. This will be supported by the following demand drivers:

- long-term growth of the automotive industry which will drive demand for automotive seats and covers. Since its recovery from the COVID-19 pandemic, the automotive industry in Malaysia grew, in terms of automotive sales or total industry volume, from 508,911 units in 2021 to 720,658 units in 2022, and further increased to 799,731 units in 2023.

The automotive industry is expected to continue to grow in the long-term in light of improved consumer spending, introduction of new models at more competitive prices as well as promotional sales campaigns by automotive marques to push sales. As automotive covers and seats are necessities in all types of automotive vehicles including electric vehicles, the progressive shift of the automotive industry towards electric vehicles is expected to drive the automotive seat and cover industries;

- Malaysia's position as an automotive hub is expected to continue to drive automotive vehicle OEMs to carry out their automotive manufacturing activities in Malaysia, which will drive the local automotive seat and cover industry. MITI has proactively been positioning Malaysia as a viable automotive hub by providing government support on higher-value automotive components through the National Automotive Policy. In addition, the development of the Automotive High-Tech Valley in Tanjong Malim, Perak is expected to attract RM32.0 billion worth of investments over the next 10 years, according to the Malaysian Investment Development Authority; and
- consistent demand for automotive cover replacements will lead to the growth of the automotive cover industry.

Collectively, these demand drivers are anticipated to bode well for the growth potential of the automotive seat and cover industries in Malaysia.

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8. INDUSTRY OVERVIEW



PROVIDENCE STRATEGIC PARTNERS SDN BHD
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46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: 3 April 2024

The Board of Directors
FEYTECH HOLDINGS BERHAD
No. 1, Jalan Bayu 2/6
Kawasan Perindustrian Tampoi Jaya
81200 Johor Bahru, Johor, Malaysia

Dear Sirs/Madam,

Independent Market Research (“IMR”) Report on the Automotive Seat and Cover Industries in Malaysia

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this IMR report on the Automotive Seat and Cover Industries in Malaysia for inclusion in the Prospectus in conjunction with the listing of FEYTECH HOLDINGS BERHAD on the Main Market of Bursa Malaysia Securities Berhad.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics. We believe that this IMR report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and may not necessarily reflect the performance of individual companies in the industry. It also does not purport to be exhaustive.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without prior express written consent from PROVIDENCE.

For and on behalf of PROVIDENCE:

A handwritten signature in black ink, appearing to read 'Melissa Lim', written over a horizontal line.

MELISSA LIM
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions and competitive landscape.

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has approximately 15 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

8. INDUSTRY OVERVIEW (CONT'D)



Feytech Holdings Berhad and its subsidiaries (collectively referred to as “**Feytech Group**” or “**the Group**”) are principally involved in the manufacturing of automotive covers and automotive seats. Feytech Group’s manufacturing plants are based in Malaysia and the Group mainly serves the automotive market in Malaysia, with 87.5% to 97.0% of its total Group revenue generated from Malaysia for the financial years ended (“**FYE**”) 31 December 2020 to 2023. The Group also exports its automotive covers to international markets, including Singapore, Australia, New Zealand, the United States of America and Europe. As such, this IMR report focuses on the following:

- **The automotive seat and cover industries in Malaysia**, as these are the industries in which Feytech Group operates; and
- **The automotive market**, with a focus on the automotive market in Malaysia as this is the market which Feytech Group mainly serves. This chapter also covers the historical growth and prospects of the global automotive market.

1 THE AUTOMOTIVE SEAT AND COVER INDUSTRIES IN MALAYSIA

INTRODUCTION

Automotive covers refer to the covers installed on automotive seats and interior parts. Automotive seats are seats specially designed and built for automotive vehicles. Meanwhile, interior parts refer to components found in the interior of an automotive vehicle such as door ornaments, steering wheels, gear knobs, handbrake handles and consoles. Automotive covers provide comfort and enhance the attractiveness of the vehicle, while ensuring the functionality of the components is not affected.

In Malaysia, the automotive seat and cover industries serve 3 different market segments. Details of these market segments are as follows:

(i) Original equipment manufacturer (“OEM”) market segment

The OEM market segment entails the manufacturing of automotive seats and covers for new automotive vehicles. There are different tiers of suppliers in the automotive industry that serve the OEM market segment, i.e.:

- Tier 1 suppliers – companies that supply products and services directly to automotive vehicle OEMs;
- Tier 2 suppliers – companies that supply products and services directly to Tier 1 suppliers; and
- Tier 3 suppliers – suppliers of raw materials for automotive seats and covers such as automotive cover materials, parts and accessories.

Automotive cover manufacturers will procure supplies such as automotive cover materials (e.g. leather, synthetic leather and fabric), parts, accessories and other supplies (e.g. zippers, plastic strips and hooks) from material suppliers to manufacture automotive covers based on the design, specifications and quality requirements set out by the automotive vehicle OEMs. These automotive cover manufacturers may either be Tier 1 or Tier 2 suppliers, depending on whether they supply directly to automotive vehicle OEMs or to Tier 1 automotive seat manufacturers.

Meanwhile, Tier 1 automotive seat manufacturers may also procure these automotive covers alongside other supplies such as padding, seatbelts, buckles, electrical parts, frames and side airbags, in order to manufacture the automotive seats. These automotive seats will then be sold to automotive vehicle OEMs.

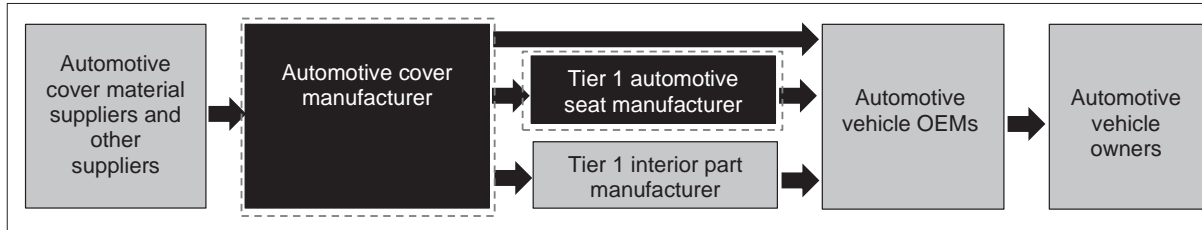
Feytech Group is an automotive cover manufacturer and Tier 1 automotive seat manufacturer.

8. INDUSTRY OVERVIEW (CONT'D)




The automotive seat and cover industry value chain for the OEM market segment is as illustrated below:

Automotive seat and cover industry value chain



Note:

 Denotes the segments which Feytech Group operates in

Source: PROVIDENCE

(ii) Pre-delivery inspection (“PDI”) market segment

The PDI market segment entails the manufacturing and replacement of automotive covers prior to these automotive vehicles being registered with the Road Transport Department Malaysia (i.e. Jabatan Pengangkutan Jalan Malaysia). Automotive cover manufacturers will procure supplies from material suppliers to manufacture automotive covers, and re-install the automotive covers onto automotive seats and/or interior parts for automotive distributors and car accessory retailers.

(iii) Replacement equipment manufacturer (“REM”) market segment

After the new automotive vehicles have been registered with the Road Transport Department Malaysia (i.e. Jabatan Pengangkutan Jalan Malaysia), automotive covers may still need to be replaced, restyled and/or repaired. Automotive cover manufacturers can manufacture and replace the automotive covers by either restyling, replacing and/or repairing automotive covers for car owners, used car dealers, automotive dealers, car accessory retailers and automotive cover installers.

INDUSTRY SIZE, PERFORMANCE AND GROWTH

The automotive cover industry size can be measured by the revenues of industry players involved in the manufacturing, replacement, restyling and/or repair of automotive covers in Malaysia. Between 2018 and 2019, the automotive cover industry size in Malaysia grew by 9.6% from RM408.4 million to RM447.8 million. The automotive seat industry in Malaysia, which can be measured by the revenues of industry players involved in the manufacturing of automotive seats in Malaysia, also grew by 4.3% from RM2.3 billion in 2018 to RM2.4 billion in 2019.

The automotive seat and cover industries in Malaysia were adversely impacted by the Coronavirus Disease (“COVID-19”) pandemic in 2020. The automotive cover industry size in Malaysia fell by 23.0% in 2020 to RM345.0 million, while the automotive seat industry in Malaysia declined by 37.5% to RM1.5 billion in 2020. This was because the COVID-19 pandemic led to:

- the implementation of national lockdown policies in 2020, which disrupted manufacturing activities in the automotive industry and caused disruptions in the supply chain of the automotive industry; and
- lower automotive sales in 2020 as the national lockdown policies led to less mobility and there was an overall decline in disposable income and purchasing power in Malaysia.

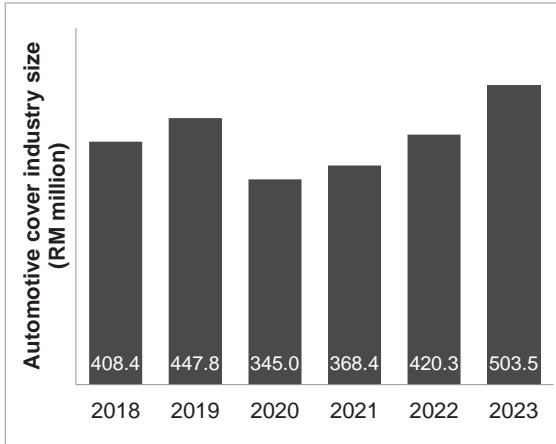
Nevertheless, the automotive seat and cover industries in Malaysia improved in 2021 and 2022 due to the ramping up of production and deliveries of vehicles to fulfil backlog and new orders, improved consumer spending in tandem with the country’s recovery post the rollout of the COVID-19 vaccine, government incentives to drive car sales, such as the implementation of sales and service tax (“SST”) exemption as well as promotional sales campaigns by automotive marques. As a result, the automotive cover industry in Malaysia began to recover in 2021 to RM368.4 million, registering a growth of 6.8% between 2020 and 2021. The automotive cover industry size in Malaysia grew by 14.1% to RM420.3 million in 2022. In 2023, the automotive cover industry size further increased to RM503.5 million. Meanwhile, the automotive seat industry recovered and grew to RM2.0 billion in 2021 and RM3.1 billion in 2022, then to RM3.3 billion in 2023.

8. INDUSTRY OVERVIEW (CONT'D)

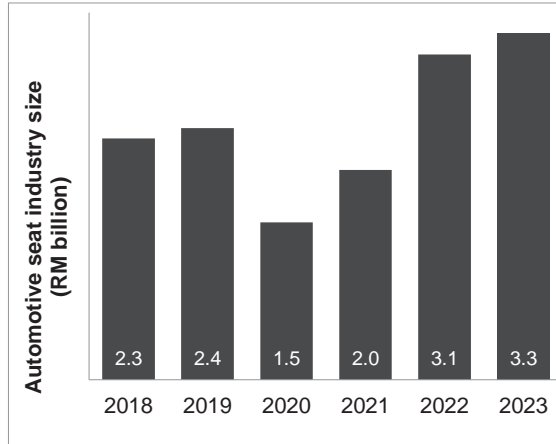


Moving forward, the automotive cover industry in Malaysia is forecast to grow at a compound annual growth rate (“CAGR”) of 8.0% between 2024 and 2026, to reach RM544.5 million in 2026. The automotive seat industry in Malaysia is forecast to grow at a CAGR of 6.7% between 2024 and 2026, to reach RM4.1 billion in 2026.

The automotive cover industry size in Malaysia



The automotive seat industry size in Malaysia



Source: Companies Commission of Malaysia, PROVIDENCE

KEY DEMAND DRIVERS

Long term growth of the automotive industry drives demand for automotive seats and covers

The growth in demand for automotive seats and covers largely correlates with the production and sales of new automotive vehicles.

The number of passenger and commercial vehicles produced rose from 564,971 units in 2018 to 571,632 units in 2019.¹ Automotive vehicle production was affected by various restrictions imposed by the Government of Malaysia to curb the spread of COVID-19 and as a result, production of passenger and commercial vehicles dipped from 571,632 units in 2019 to 485,186 units in 2020 and 481,651 units in 2021.²

Malaysia’s passenger and commercial vehicles sales rose from 598,714 units in 2018 to 604,287 units in 2019.³ In 2020, automotive sales were also affected by various restrictions imposed by the Government of Malaysia to curb the spread of COVID-19. As a result, sales of passenger and commercial vehicles dipped from 604,287 units in 2019 to 529,514 units in 2020.⁴ In 2021, sales of passenger and commercial vehicles fell further, registering 508,911 vehicles sold.⁵

Although the manufacturing of automotive covers and automotive seats recovered in 2021, the production of automotive vehicles was still adversely impacted due to shortages of other parts such as semiconductor chips. The lower production of automotive vehicles resulted in lower sales in the year.

Nonetheless, the automotive industry recovered in 2022 with 702,275 units of passenger and commercial vehicles produced and 720,658 units of passenger and commercial vehicles sold in the year. In 2023, Malaysia’s passenger and commercial vehicles production and sales further increased to 774,600 units and 799,731 units, respectively. This was boosted by the SST exemption for passenger vehicles, the ramping up of production and deliveries of vehicles to fulfil backlog and new orders, improved consumer spending in tandem with the country’s economic recovery, the introduction of new models including electric vehicles (“EVs”) at more competitive prices, government incentives as well as promotional sales campaigns by automotive marques.

¹ Source: Malaysian Automotive Association
² Source: Malaysian Automotive Association
³ Source: Malaysian Automotive Association
⁴ Source: Malaysian Automotive Association
⁵ Source: Malaysian Automotive Association

8. INDUSTRY OVERVIEW (CONT'D)



The prospects of the automotive industry in Malaysia is expected to continue to be positive in light of improved consumer spending, introduction of new models including EVs at more competitive prices as well as promotional sales campaigns by automotive marques.

Malaysia's position as an automotive hub is expected to continue to drive automotive vehicle OEMs to carry out their automotive manufacturing activities in Malaysia, which will drive the local automotive seat and cover industries

Malaysia's Ministry of Investment, Trade and Industry ("MITI") has been proactively positioning Malaysia as a viable automotive hub by providing strong government policy support focusing on higher-value automotive components through the National Automotive Policy ("NAP"). This has been the catalyst in attracting automotive vehicle OEMs to consider Malaysia as their regional base.

In addition, DRB-HICOM Berhad and Zhejiang Geely Holding Group Co Ltd have signed an agreement to collaborate in the development of the Automotive High-Tech Valley ("AHTV") in Tanjung Malim, Perak in December 2023. The AHTV will be Malaysia's integrated automotive hub that will occupy an area of approximately 1,000 acres to house the automotive and mobility solutions value chain, from a full-fledged research and development centre for manufacturers to test their vehicles, to a manufacturing cluster and supporting services within an associated ecosystem. Over the next 10 years, AHTV is expected to attract RM32.0 billion worth of investments.⁶

As more major automotive vehicle manufacturers decide to set up and/or outsource their manufacturing and production facilities in Malaysia, this will result in the growth of demand for automotive seats and covers to accommodate the growing number of automotive vehicles manufactured in the country.

Consistent demand for automotive cover replacements will lead to the growth of the automotive cover industry

The automotive cover industry in Malaysia also serves the local second-hand car market. The prospects of the second-hand car market in Malaysia is expected to be positive and is projected to grow at a CAGR of 10.0% between 2022 and 2025.⁷ This is driven by the growing disposable income of the local population which would lead to more spending power to restyle automotive covers for better support and comfort, improved protection from spills, dirt and substances, as well as aesthetic purposes. Malaysia's gross national income (GNI) per capita, which indicates the nation's disposable income, has been growing from RM41,647 in 2017 to an estimated RM52,955 in 2023, registering a CAGR of 4.1%.⁸

In addition, the second-hand car market in Malaysia is driven by the affordability of second-hand cars which makes it an ideal choice for people with limited budgets. Further, there has also been an emergence of online car platforms where people can conveniently buy or sell second-hand cars. These platforms allow consumers to review the condition of the car and its track record before conducting a physical examination, as well as allow consumers to leave reviews on sellers.

As the market for second-hand cars continues to grow, this is expected to result in an increased demand for automotive covers from the REM market segment in Malaysia.

SUPPLY CONDITIONS

Automotive cover materials, parts and components

Supplies for automotive cover manufacturing include automotive cover materials (e.g. leather, synthetic leather and fabric), parts, accessories and other supplies (e.g. zippers, plastic strips and hooks). Meanwhile, supplies for automotive seat manufacturing include automotive covers as well as other supplies such as padding, seatbelts, buckles, electrical parts, frames and side airbags. These supplies are generally procured from local and foreign suppliers.

It is crucial for automotive seat and/or cover manufacturers to select suitable materials that meet quality specifications as well as suitable suppliers from which such materials can be reliably sourced and delivered cost-effectively.

It is also important for automotive seat and/or cover manufacturers to ensure adequate inventory levels and manage automotive cover material prices. While automotive cover materials, parts and components

⁶ Source: "AHTV to revitalize Malaysia's automotive industry", Malaysian Investment Development Authority, 25 July 2023

⁷ Source: Malaysia's 2nd hand car market to grow 10%, The Malaysian Reserve, 30 August 2022

⁸ Source: Department of Statistics Malaysia

8. INDUSTRY OVERVIEW (CONT'D)

are generally readily available, prices of leather automotive cover materials fluctuate according to the supply and demand conditions in the global market as well as foreign exchange rates as these materials are imported. Fluctuations in the prices of leather automotive cover materials could impact profit margins and/or selling prices of automotive covers.

Machinery and equipment

Automotive seat and cover manufacturers utilise machinery and equipment to automate certain processes (such as cutting) in order to enhance operational efficiency, increase output and minimise wastages. Identifying reliable machinery and equipment as well as reputable machinery and equipment suppliers will allow automotive seat and cover manufacturers to equip their manufacturing facilities with appropriate machinery to produce at consistent quality and output. In addition, acquiring appropriate machinery and equipment is critical for automotive seat and cover manufacturers to remain competitive in the evolving automotive industry. Machinery and equipment utilised in the automotive seat and cover industries are readily available, and may be procured from local or foreign suppliers.

Human resources

The manufacturing of automotive seats and covers requires human labour. Human labour is essential in sewing automotive cover material pieces which have been cut to form automotive covers, and for the assembly of automotive seats. Foreign workers are mostly hired as labour in the automotive seat and cover industries in Malaysia and are presently readily available.

COMPETITIVE LANDSCAPE

The competitive landscape of the automotive cover industry encompasses companies involved in the manufacturing, replacement, repair and/or installation of automotive covers. These industry players serve one or more of the market segments (OEM, PDI and REM market segments).

Industry players involved in the manufacturing of automotive covers for the OEM market segment may also be involved in the replacement of automotive covers for the PDI and REM market segments. Meanwhile, there are also industry players that are solely involved in the replacement of automotive covers for the PDI and/or REM market segments and do not manufacture automotive covers for the OEM market segment.

PROVIDENCE estimates that there are 11 industry players, including Feytech Group, which are involved in the manufacturing and/or replacement of automotive covers in Malaysia and have a revenue of RM1.0 million and above, as detailed below:

Company name	Involved in manufacturing of automotive seats	Latest audited FYE	Revenue (RM '000)	Gross profit ("GP") (RM '000)	GP margin* (%)
Pecca Group Berhad (public listed company on Bursa Securities) **	-	30 June 2023	217,364 ***	67,759 ^	31.2%
DK Leather companies #					
DK Leather Seats Sdn Bhd	-	31 March 2023	144,808	43,624	30.1%
DK-Schweizer Leather Sdn Bhd	-	31 March 2023	8,223	3,024	36.8%
Feytech Group	✓	31 December 2023	130,171 ***	53,542 ***	41.1%
LEC Auto Leather Marketing Sdn Bhd	-	31 December 2022	8,095	2,757	34.1%
Carbi-Deco companies #					
Carbi-Deco Leather Industry Sdn Bhd	-	31 December 2022	3,491	2,513	72.0%

8. INDUSTRY OVERVIEW (CONT'D)

Company name	Involved in manufacturing of automotive seats	Latest audited FYE	Revenue (RM '000)	Gross profit ("GP") (RM '000)	GP margin* (%)
CD Seat Industries Sdn Bhd	-	31 December 2022	440	(178)	-
Renzmark Sdn Bhd	-	31 December 2022	3,893	1,540	39.6%
JS Leather Upholstering Sdn Bhd	-	31 December 2022	2,900	622	21.4%
Comfort Auto Restorer Sdn Bhd	-	31 December 2022	2,466	1,420	57.6%
Newton Leather Industries Sdn Bhd	-	31 December 2022	1,875	1,160	61.9%
Carzac Sdn Bhd	-	31 December 2022	1,764	1,442	81.7%
Unique Leather Seat (M) Sdn Bhd	-	31 December 2022	1,730	470	27.2%

Notes:

- (i) The list above is based on publicly available information and is not exhaustive as it may not include companies whose financial information have been private exempted and cannot be viewed by the public, and companies with revenues below RM1.0 million.
- (ii) The list above has been arranged based on the revenues of industry players, in a descending order
- (iii) * GP margin is computed based on GP divided by revenue
- (iv) ** Company is involved in business activities that are not related to automotive cover manufacturing, replacement, repair and/or installation
- (v) *** Financial information is based on segmental financial information for the manufacturing of automotive covers
- (vi) ^ Financial information is based on consolidated financial information and may include businesses other than manufacturing of automotive covers, as the segmental financial information for the manufacturing of automotive covers is not publicly available
- (vii) # Companies are subsidiaries and related companies that are part of the group, which is involved in automotive cover manufacturing, replacement, repair and/or installation in Malaysia. This is based on publicly available information on the company's subsidiaries and related companies and its principal activities. PROVIDENCE is not able to determine if there are any other related companies held by similar shareholders in Malaysia which is not publicly disclosed to be a related company, and will not be able to determine if there are any inter-company transactions.

Source: Companies Commission of Malaysia, various company websites, PROVIDENCE

The competitive landscape of the automotive seat industry encompasses companies involved in the manufacturing of automotive seats. These industry players generally only serve the OEM market segment. PROVIDENCE estimates that there are 7 industry players, including Feytech Group, which are involved in the manufacturing of automotive seats and have a revenue of RM1.0 million and above, as detailed below:

Company name	Latest audited FYE	Revenue (RM '000)	GP (RM '000)	GP margin* (%)
Adient companies ** (subsidiaries and/or related companies of a public listed company on the New York Stock Exchange)				
Adient Automotive Holding (M) Sdn Bhd	30 September 2022	648,957	135,765	20.9%
Adient Automotive Seating (M) Sdn Bhd	30 September 2022	654,661	127,278	19.4%
Adient Automotive Components (M) Sdn Bhd	30 September 2022	73,144	8,562	11.7%
APM Automotive Holdings Berhad (public listed company on Bursa Securities)	31 December 2022	1,054,183 ***	194,159 ^	18.4%
Toyota Boshoku UMW Sdn Bhd	31 December 2022	487,322	108,975	22.4%

8. INDUSTRY OVERVIEW (CONT'D)

Company name	Latest audited FYE	Revenue (RM '000)	GP (RM '000)	GP margin* (%)
(subsidiary of a public listed company on the Tokyo Stock Exchange)				
C.N.A Manufacturing Sdn Bhd	31 December 2022	139,090	7,569	5.4%
Feytech Group	31 December 2023	81,052 #	27,261 #	33.6%
Lear Automotive (Malaysia) Sdn Bhd (subsidiary of a public listed company on the New York Stock Exchange)	31 December 2022	75,598	20,190	26.7%
Twos Seating Sdn Bhd	31 July 2021	10,775	3,341	31.0%

Notes:

- (i) The list above is based on publicly available information and is not exhaustive as it may not include companies whose financial information have been private exempted and cannot be viewed by the public, and companies with revenues below RM1.0 million.
- (ii) The list above has been arranged based on the revenues of industry players, in a descending order
- (iii) * GP margin is computed based on GP divided by revenue
- (iv) ** Companies are subsidiaries and related companies that are part of the group, which is involved in automotive seat manufacturing in Malaysia. This is based on publicly available information on the company's subsidiaries and related companies and its principal activities. PROVIDENCE is not able to determine if there are any other related companies held by similar shareholders in Malaysia which is not publicly disclosed to be a related company, and will not be able to determine if there are any inter-company transactions.
- (v) *** Financial information is based on segmental financial information for the manufacturing of automotive seats, plastic parts, extrusion parts such as roof drips, interior trims such as headlining, door panels and carpets, and seat belts in Malaysia
- (vi) ^ Financial information is based on consolidated financial information and may include businesses other than manufacturing of automotive seats in Malaysia and outside of Malaysia, as the segmental financial information for the manufacturing of automotive seats in Malaysia is not publicly available
- (vii) # Financial information is based on segmental financial information for the manufacturing of automotive seats

Source: Companies Commission of Malaysia, various company websites, PROVIDENCE

While the landscape of the automotive seat and cover industries in Malaysia are moderately competitive, there are barriers to entry that can restrict the entry of new industry players, among which include:

- **Capital intensive industry**

The automotive seat and cover industries are capital intensive as initial investments are required to secure manufacturing space, machinery and equipment, as well as materials for manufacturing activities. The development and testing process for the prototype of automotive seats and covers is typically long, i.e. 1 year to 2 years, during which working capital will be required to finance the materials and labour costs; and

- **Technical competence**

Industry players in the automotive seat and cover industries require a certain degree of technical competence and know-how to deliver tailored solutions to automotive vehicle OEMs.

Apart from the abovementioned barriers to entry, the ability of an automotive seat or automotive cover manufacturer to be selected as a supplier by these automotive vehicle OEMs is an important factor in remaining competitive in the industry. This is because automotive vehicle OEMs generally conduct supplier selection processes to ensure that the automotive seat and/or automotive cover manufacturer they engage has the necessary track record and experience.

Market share

Feytech Group garnered a market share of 25.9% of the automotive cover industry in Malaysia, based on its revenue generated from its automotive cover division of RM130.2 million for the FYE 2023, computed against the automotive cover industry size in Malaysia of RM503.5 million in 2023. This is an increase from Feytech Group's market share in 2022 of 25.6% based on its revenue generated from its automotive cover division of RM107.4 million and the total automotive cover industry in Malaysia of RM420.3 million in 2022.

8. INDUSTRY OVERVIEW (CONT'D)

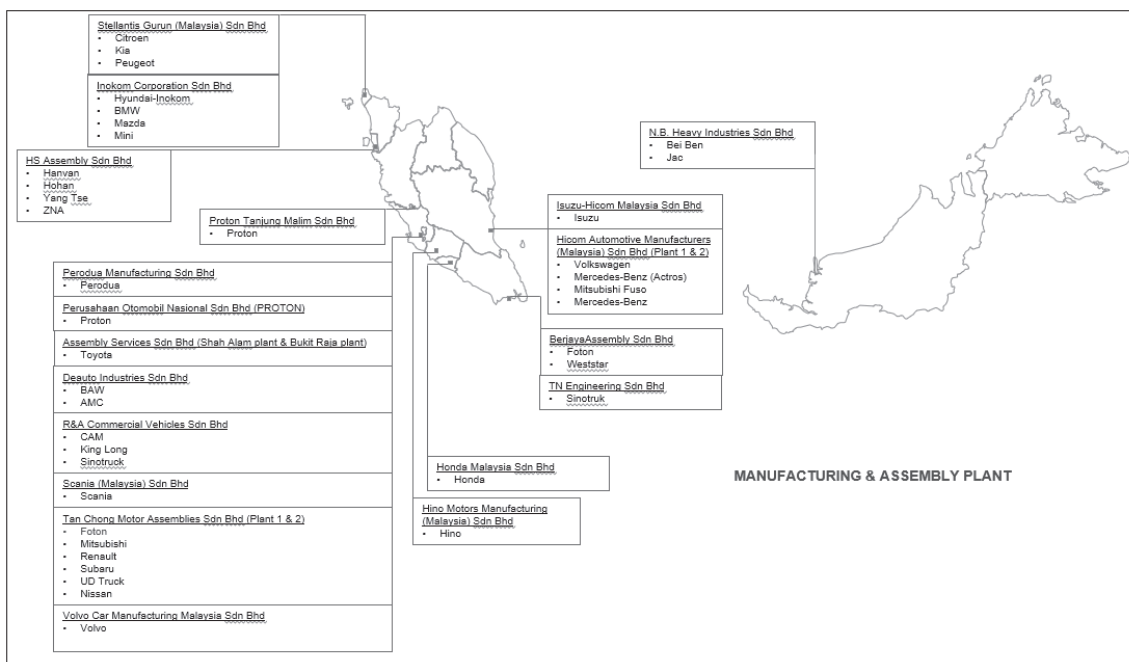


Feytech Group garnered a market share of 2.5% of the automotive seat industry in Malaysia, based on its revenue generated from its automotive seat division of RM81.1 million for the FYE 2023, computed against the automotive seat industry size in Malaysia of RM3.3 billion in 2023. This is an increase from Feytech Group's market share in 2022 of 0.6% based on its revenue generated from its automotive seat division of RM19.5 million and the total automotive cover industry in Malaysia of RM3.1 billion in 2022.

2 THE AUTOMOTIVE MARKET

The automotive industry ecosystem in Malaysia is fairly established, comprising approximately 22 automotive vehicle OEMs and more than 600 suppliers/component manufacturers from various clusters, including automotive covers, metals, plastics, electric and electronics as well as rubber. These component manufacturers supply components to vehicle assemblers.

The manufacturing and assembly plants of automotive vehicle OEMs in Malaysia are as follows:



Source: Malaysian Automotive Association, PROVIDENCE

Automotive sales in Malaysia rose from 598,714 units in 2018 to 604,287 units in 2019 while automotive vehicle production grew from 564,971 units in 2018 to 571,632 units in 2019.⁹ This growth was underpinned by increased economic activity and trade flows. In 2020 and 2021, automotive sales and production were adversely affected by various restrictions imposed by the Government of Malaysia to curb the spread of COVID-19. The COVID-19 pandemic led to business operations and supply chains being disrupted, causing delays in vehicle production and delivery. In addition, the COVID-19 pandemic also resulted in economic uncertainty and instability, as well as rise in costs for essential goods, which led to decreased consumer spending including on big-ticket items such as vehicles. As a result, automotive sales dropped to 529,514 units in 2020 and 508,911 units in 2021, while automotive vehicle production fell to 485,186 units in 2020 and 481,651 units in 2021.¹⁰

Nonetheless, the automotive industry recovered in 2022 with 702,275 units of passenger and commercial vehicles produced and 720,658 units of passenger and commercial vehicles sold in the year.¹¹ In 2023, Malaysia's passenger and commercial vehicles production and sales further increased to 774,600 units and 799,731 units, respectively.

⁹ Source: Malaysian Automotive Association

¹⁰ Source: Malaysian Automotive Association

¹¹ Source: Malaysian Automotive Association

8. INDUSTRY OVERVIEW (CONT'D)



Moving forward, the automotive industry is expected to continue to grow in the long-term in light of improved consumer spending, the introduction of new models including EVs at more competitive prices as well as promotional sales campaigns by automotive marques.

Further, the Government of Malaysia has implemented various initiatives, policies as well as tax incentives aimed drive the automotive industry. Among these initiatives include the following:

- **NAP 2020**

The NAP 2020 is a policy framework implemented by the Government of Malaysia to focus on developing Malaysia as the hub for energy-efficient vehicles (EEV) through the development of research and development capabilities for right-hand drive vehicles, and related technologies such as fuel efficiency, light material, telematics, tooling and component design. The NAP 2020 aims to enhance the automotive industry in the era of digital industrial transformation by focusing on next-generation vehicles (NxGV), Industrial Revolution 4.0 (IR 4.0), and mobility-as-a-service (MaaS) to make Malaysia a regional leader in manufacturing, engineering and technology.

Among the targets to be achieved by 2030 under NAP 2020 are automotive sector gross domestic product (GDP) contribution of RM104.2 billion; total production volume of 1.47 million vehicle units; RM12.3 billion in complete built-up (CBU) exports; RM28.3 billion in exports of new automotive parts and components; technology development through the establishment of full-fledged vehicle type approval testing centres, electric vehicle interoperability centres, next-generation vehicle testbeds, virtual design centres, additive manufacturing design centres, robotics and artificial intelligence centres, big data analytics centres, digital twin-centres; and technology academies.

The NAP 2020 will continue to promote the participation of local companies in the domestic and global supply chain, encourage research and development and engineering activities, build capabilities and capacity of local workforce, support national car projects as well as enhance exports, investments and local production volume.¹²

- **Twelfth Malaysia Plan (2021-2025) (“12MP”)**

The 12MP is a 5-year development plan implemented by the Government of Malaysia, which outlines strategies for encouraging economic growth and development within the country. Among the objectives of the 12MP include encouraging the growth of sustainable and healthy competition within the automotive industry, supporting the development of innovative automotive technologies, including EVs and connected vehicles, as well as driving the adoption of alternative fuel sources for vehicles, attracting foreign automotive companies, developing skilled workforce in the automotive industry to improve competitiveness, and encouraging the growth of efficient automotive supply chains in the country. The 12MP is expected to assist the growth and development of the automotive industry in Malaysia, in order to encourage competitiveness within the industry on a regional and global scale.

- **Budget 2024**

Among the initiatives under Budget 2024 include the introduction of the Electric Motorcycles Usage Incentive Scheme whereby individuals with an annual income of below RM120,000 will receive rebates of up to RM2,400; extension of individual income tax relief of up to RM2,500 on expenses of EV charging facilities for a period of 4 years and extension of tax deduction on EV rental costs for a period of 2 years. These initiatives are expected to boost growth of the local EV industry and increase adoption of EV usage among Malaysian.

- **Malaysian Automotive Development Fund (“MADF”)**

The MADF is a fund established by the Government of Malaysia to support the development of the automotive industry. The goal of the MADF is to promote the growth and competitiveness of the automotive industry in Malaysia, by providing financing and assistance to local automotive companies. The MADF aims to provide companies with financing to invest in research and development activities and technology in order to enhance the competitiveness of the automotive industry, support the development of new technologies and innovative solutions, promote the development of skilled workers through training and education initiatives, as well as promote growth and competitiveness within the automotive industry via investment in high priority areas, such as sustainability and efficiency.

¹² Source: NAP 2020, MITI

8. INDUSTRY OVERVIEW (CONT'D)



Further, the growth in sales of EVs will also drive demand in the automotive industry. An EV is a type of vehicle that runs on electricity rather than fuel. The global EV market, as measured by the number of EVs, grew more than ten-fold, rising from 0.7 million vehicles in 2016 to 10.2 million vehicles in 2022.¹³

In addition, the collaboration between DRB-Hicom Berhad and Zhejiang Geely Holding Group Co Ltd in the development of the AHTV in Tanjung Malim, Perak is expected to increase automotive vehicle production activities in Malaysia as automotive vehicle manufacturers are expected to be encouraged to set up and/or outsource their manufacturing and production facilities in Malaysia. The AHTV is intended to house the automotive and mobility solutions value chain, from a full-fledged research and development centre for manufacturers to test their vehicles, to a manufacturing cluster and supporting services within an associated ecosystem. The AHTV is expected to attract RM32.0 billion in investments over the next 10 years.

Globally, the market for automotive vehicles has generally been in line with the local automotive market. The global automotive vehicle market size, as indicated by the sales of new automotive vehicles, was adversely impacted by the COVID-19 pandemic between 2019 and 2020, resulting in a decline of 15.8% from 64.0 million units in 2019 to 53.9 million units in 2020.¹⁴ Nevertheless, the global automotive vehicle market, in terms of sales of passenger cars, recovered in 2021 and 2022, resulting in a growth of 4.7% between 2020 and 2021 to reach 56.4 million units in 2021, and a growth of 1.9% between 2021 and 2022 to reach 57.5 million units in 2022.¹⁵ This growth has and will continue to be driven, by the automotive vehicle sales in Asia, Oceania and Middle East. The global market for automotive vehicles is also expected to be supported by improving consumer spending power, the introduction of new models including EVs at more competitive prices, as well as continuous promotional sales campaigns by automotive marques.

3 PROSPECTS AND OUTLOOK

The automotive cover and automotive seat industries in Malaysia grew by 9.6% and 4.3% between 2018 and 2019, respectively. Both of the automotive seat and cover industries in Malaysia were adversely impacted by the COVID-19 pandemic in 2020, resulting in a fall of 23.0% and 37.5% between 2019 and 2020. Nevertheless, the automotive cover and seat industries in Malaysia improved in 2021, registering a growth of 6.8% and 33.3% between 2020 and 2021, respectively. The automotive cover and seat industry sizes in Malaysia have grown to RM420.3 million and RM3.1 billion in 2022, respectively. In 2023, the automotive cover and seat industry sizes in Malaysia further increased to RM503.5 million and RM3.3 billion, respectively. Moving forward, the automotive cover and seat industries in Malaysia are forecast to grow at CAGRs of 8.0% and 6.7% between 2024 and 2026, respectively, in light of the following demand drivers:

- Long term growth of the automotive industry which will drive demand for automotive seats and covers. Since its recovery from the COVID-19 pandemic, the automotive industry in Malaysia grew, in terms of automotive sales, from 508,911 units in 2021 to 720,658 units in 2022, and further increased to 799,731 units in 2023.¹⁶ The automotive industry is expected to continue to grow in the long term in light of improved consumer spending, introduction of new models including EVs at more competitive prices, government incentives as well as promotional sales campaigns by automotive marques. As automotive seats and covers are necessities in all types of automotive vehicles including EVs, the progressive shift of the automotive industry towards EVs is expected to drive the automotive seat and cover industries;
- Malaysia's position as an automotive hub is expected to continue to drive automotive vehicle OEMs to carry out their automotive manufacturing activities in Malaysia, which will drive the local automotive seat and cover industry; and
- Consistent demand for automotive cover replacements will lead to the growth of the automotive cover industry.

As a key industry player in the automotive cover industry in Malaysia, Feytech Group stands to benefit from the positive outlook of the automotive cover industry in Malaysia. Feytech Group also stands to benefit from the growing automotive seat industry in Malaysia.

¹³ Source: International Energy Agency (IEA). Latest publicly available data is as at 2022.

¹⁴ Source: International Organisation of Motor Vehicle Manufacturers. Latest publicly available data is as at 2022.

¹⁵ Source: International Organisation of Motor Vehicle Manufacturers. Latest publicly available data is as at 2022.

¹⁶ Source: Malaysian Automotive Association

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS THAT MAY HAVE ADVERSE IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP BEFORE INVESTING IN OUR SHARES.

If you are in any doubt to the information contained in this section, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We are dependent on contracts and agreements secured with automotive vehicle OEMs

As at the LPD, our Group's business or profitability is materially dependent on the contracts as set out in **Section 7.19** of this Prospectus. Our Group is dependent on automotive vehicle OEMs whom have appointed our Group for the supply of automotive covers (either supply to the appointed Tier 1 automotive seat and/or interior part manufacturers or directly to the automotive vehicle OEMs) and automotive seats (directly to the automotive vehicle OEMs), namely the Local OEM, Mazda Malaysia and Kia Malaysia.

The Local OEM has issued the various letters of acceptance to our Group, which are subject to the Supply Chain Terms issued by the Local OEM, for the supply of the automotive seat covers to Tier 1 automotive seat manufacturers appointed by the Local OEM. The revenues arising from the supply of automotive covers for the Local OEM car models are approximately RM26.7 million, RM26.5 million, RM32.5 million and RM28.9 million, representing approximately 33.7%, 31.1%, 25.6% and 13.7% to our Group's total revenue for the past 4 FYEs 2020, 2021, 2022 and 2023, respectively.

In addition, our Group has also entered into the Mazda SPA and PSA with Mazda Malaysia and Kia Malaysia respectively, for the supply of:

- (i) automotive covers directly to Mazda Malaysia and Kia Malaysia and Tier 1 automotive seat and/or interior part manufacturers appointed by Mazda Malaysia and Kia Malaysia; and
- (ii) automotive seats directly to Mazda Malaysia and Kia Malaysia.

The termination or loss of any of our abovementioned contracts with the automotive vehicle OEMs will have material adverse impact to our business, financial condition, results of operations and prospects. Further details of our Group's dependency on the automotive vehicle OEMs and our major customers are set out in **Section 9.1.2** below.

Further details of the Supply Chain Terms and various letters of acceptance issued by the Local OEM as well as the Mazda SPA and PSA are as elaborated in **Section 7.19** of this Prospectus.

9.1.2 We are dependent on our major customers and/or automotive vehicle OEMs that have appointed these major customers

For the past 4 FYEs 2020 to 2023, our Group's major customers included Tier 1 automotive seat and/or interior part manufacturers (namely APM companies, Adient companies and Delloyd companies), automotive vehicle OEMs (namely Mazda Malaysia and Kia Malaysia) and car accessory retailers (Incharge Automotive Enhancements, Retro Vehicle Enhancement Limited, Ilusi Mantap Sdn Bhd), as detailed in **Section 7.16** of this Prospectus.

In particular, our Group's major customers, namely APM companies, Mazda Malaysia, Kia Malaysia and Adient companies, collectively contributed 78.8%, 84.9%, 89.4% and 94.1% to the Group's revenue in FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively.

9. RISK FACTORS (CONT'D)

As a large proportion of our Group's revenues are contributed by the abovementioned customers (who are Tier 1 automotive seat and/or interior part manufacturers and automotive vehicle OEMs), our Group is thus dependent on these major customers in the respective FYEs. For major customers who are Tier 1 automotive seat and/or interior part manufacturers, our Group is dependent on them to the extent of the purchase orders received from them. However, it is important to note that our Group is also dependent on the automotive vehicle OEMs that have appointed them namely, Local OEM, Mazda Malaysia and Kia Malaysia, as detailed in **Section 9.1.1** above although these companies may not be our Group's direct customers. The automotive vehicle OEMs that appoint the Tier 1 automotive seat and/or interior part manufacturers typically would have discretion to appoint our Group as the automotive cover manufacturer.

As an automotive cover and automotive seat manufacturer, our business is tied to that of the automotive vehicle OEMs' business and the automotive industry. We have no control over the business operations, prospects and success of these automotive vehicle OEMs' business. As such, our Group's business would ultimately be impacted should these automotive vehicle OEMs' manufacturing facilities be disrupted or business face any loss in market share, financial difficulty and/or if an economic downturn affects the demand for their products.

In addition, due to the large contribution of revenues for contracts with these major customers, our Group would have allocated sufficient working capital and resources to cater for these orders. Should there be any variation in volume of orders from these major customers from what was estimated volume of orders communicated to our Group for the year, this could materially affect our Group's business and financial performance. This is because our Group would have allocated working capital and resources accordingly and may not be able to secure orders from other customers to cushion the impact in the respective year.

In light of the above, the loss of our major customers, as well as automotive vehicle OEMs that have appointed the Tier 1 automotive seat and/or interior part manufacturers who are our Group's major customers, could materially and adversely impact our Group's business, financial condition, results of operations and prospects.

9.1.3 We are dependent on our Executive Directors and our Key Senior Management team for the continuing success of our Group

Our Group's continuing success and growth are dependent upon the efforts and commitment our Non-Independent Executive Director and Chief Executive Officer, Connie Go; our Non-Independent Executive Director, Go Yoong Chang; our Non-Independent Executive Director, Tan Sun Sun; Chief Operating Officer, Chua Khe Gee; and our Chief Financial Officer, Tan Ming Shing. Our Executive Directors and Key Senior Management team play a pivotal role in our day-to-day operations as well as developing and implementing strategies to drive the future growth of our Group. Further, they are also key in leading business development, sales and marketing activities.

As such, the loss of services from any of our Executive Directors and/or Key Senior Management personnel within a short period of time and without any suitable or prompt replacement may cause an adverse effect on our business, financial performance and prospects.

9.1.4 We depend on our ability to secure new projects

We secure orders from all of our customers from the OEM, PDI and REM market segments on a purchase order or sales order basis.

Although we sign contracts with certain customers from the OEM market segment, there are no fixed volume of orders of automotive covers and automotive seats stated in these contracts. Instead, customers from the OEM market segment typically communicates the estimated volume of orders for the year to our Group though the estimated volume of orders are subject to variations. For our customers from the PDI and REM market segments, orders are secured on an as needed basis. Hence, our financial performance is dependent on our ability to continuously secure new orders, and there is a risk that we may not be able to secure sufficient new orders to sustain our business.

In addition, save for our contract with Mazda Malaysia, there is no contract period fixed with customers from the OEM market segment as our Group is appointed to manufacture automotive

9. RISK FACTORS (CONT'D)

covers or automotive seats for the specified vehicle model. Should there be any facelifts or change in vehicle model in the vehicle models that we have been appointed to manufacture automotive covers or automotive seats for, there may be a need to re-submit a proposal to secure the contract. Thus, there may be a risk that we may not be appointed as the automotive cover or seat manufacturer for the vehicle model after the facelift or change in vehicle model.

In view that there is no fixed volume of orders from our customers, any adverse economic conditions or slowdowns in the automotive industry may also adversely impact our sales, which may adversely affect our Group's financial performance and business operations.

9.1.5 We may face disruptions in our manufacturing activities

As at the LPD, the manufacturing of automotive covers is carried out at our Tampoi Plant while the manufacturing of our automotive seats is carried out at Kulim Plant 1. Our manufacturing activities are dependent on the continued operation of these manufacturing plants. Our Group's manufacturing activities could be disrupted or delayed due to unforeseeable circumstances such as unplanned relocations due to termination of tenancy of any of our rented properties, natural disasters, fires, floods or outbreaks of diseases, which may result in the damage to, and/or destruction of all or part of our manufacturing plants, machineries and equipment, or manufactured products, and/or disruptions to our operations. Our Group's manufacturing processes are also dependent on a consistent supply of electricity.

The machineries and equipment, particularly our automated cutting machineries, are also susceptible to unanticipated failures, damages as well as breakdowns, failure and sub-standard performance. Although our Group schedules and carries out maintenance works for our machineries and equipment on a regular basis, there can be no assurance that there will not be any unexpected machinery or equipment breakdowns. In such scenarios, this may halt or delay our manufacturing activities.

Any prolonged disruption to our manufacturing activities may adversely affect our production schedule and timely delivery of our products. As a result, this will cause a negative impact on our industry reputation, relationships with our customers, business and financial performance.

As set out in **Section 7.27.1** of this Prospectus, the tenancy of Kulim Plant 1 will expire at the end of the extended period on 31 December 2024. As at the LPD, we carry out our manufacturing of automotive seats in Kulim Plant 1 which generated a revenue of approximately RM81.05 million, representing approximately 38.4% of our Group's total revenue for the FYE 2023. We will be relocating our automotive seat manufacturing activities from Kulim Plant 1 to Kulim Plant 3 by June 2024.

Notwithstanding the mitigating steps that can be taken by our Group to minimise disruptions to its operations during the said relocation, there is no assurance that there will not be any disruption or loss of revenue arising from the production downtime. The expected production downtime of each double conveyor line during the relocation from Kulim Plant 1 to Kulim Plant 3 is approximately 1 week. The potential impact to the financial performance of our Group is as follows:

- (a) loss of revenue from the expected production downtime due to the relocation of our double conveyor lines at Kulim Plant 1 is estimated at approximately RM1.56 million (being the average revenue per week generated from our manufacturing of automotive seats for the FYE 2023); and
- (b) potential penalty or damages claims by our customers for any production downtime due to non-delivery of automotive seats by our Group. In this regard, for illustration purposes, based on the Mazda SPA, any production downtime suffered by Mazda Malaysia which is caused by our Group will result in our Group being liable to pay downtime charge of RM500 per minute to Mazda Malaysia, amounting to an estimated total downtime charge of RM1.20 million (assuming 8 hours production time per day for 5 days per week) for 1 week of downtime.

As at the LPD, we have not experienced any past incidence or unanticipated failures or damages sustained during our operations which led to major interruptions in our operations. We have,

9. RISK FACTORS (CONT'D)

however, faced disruptions during the MCOs and circuit breaker that was implemented in 2020 and 2021 to curb the spreading of the COVID-19 pandemic as detailed in **Section 7.15** of this Prospectus. In line with the restrictions put in place during the first MCO and the Total Lockdown as well as circuit breaker, we were not allowed to operate during these periods.

9.1.6 We are dependent on foreign workers in our operations

We are dependent on foreign workers in our operations. As at the LPD, our workforce consists of 203 local employees and 380 foreign employees. We are therefore vulnerable to changes in the availability and costs of employing foreign workers in Malaysia.

The supply of foreign workers in Malaysia is subject to the labour and immigration policies and regulations imposed by the Government of Malaysia from time to time. Any changes in labour and immigration policies and regulations, and visa restrictions on foreign workers will lead to interruptions to our business operations.

For example, in 2020, the Government of Malaysia announced the first MCO in March 2020 as an effort to curb the spread of the COVID-19 pandemic, which led to the closure of non-essential businesses as well as the closure of borders. This subsequently led to the ban of entry of foreign workers since June 2020 in order to prioritise jobs for locals. The ban of entry of foreign workers consequently led to labour shortages in the country for industries that are heavily dependent on foreign workers such as the construction and manufacturing industries. However, in October 2021, the Government of Malaysia lifted the 16-month long ban as an attempt to meet demand for foreign labour and to jump start the Malaysian economy.

Although there is presently no ban of entry of foreign workers, the Government of Malaysia requires employers to obtain approval from the Director General of Labour before employing any foreign workers. There is also a levy rate imposed for foreign workers. In March 2016, the Government of Malaysia implemented a new levy rate for foreign workers within the Peninsular Malaysia only, where the levy rate for manufacturing, construction and services sectors were increased to RM1,850. Any further increase in levy rate for foreign workers will lead to an increase in costs of labour which will consequently increase our cost of sales.

In the event where there is a shortage of foreign workers to meet our operational requirements, it may result in delays in the lead time required to manufacture automotive covers or automotive seats, and/or an increase in labour costs. As a result, it will cause an adverse effect on our business operations and financial conditions.

There is also no assurance that we can continually attract and retain our current foreign workers at the level of wages currently offered by us. Any increase in competition for foreign workers may result in higher labour wages which may subsequently lead to adverse effects on our financial performance.

9.1.7 We are exposed to price fluctuation of leather and synthetic leather automotive cover materials

Automotive cover materials are the major cost component in the manufacturing of automotive covers and leather and synthetic leather automotive cover materials are the main types of automotive cover materials used. For the FY Under Review, leather and synthetic leather automotive cover materials constituted between 20.8% and 34.1% of our total purchases.

Generally, leather and synthetic leather prices fluctuate according to the supply and demand conditions in the global market, and may fluctuate due to fluctuations in foreign currency exchanges as these materials are imported. Fluctuations in leather and synthetic leather automotive cover materials could impact our profit margins and/or selling prices of our automotive covers. We are typically appointed to manufacture automotive covers by automotive vehicle OEMs and/or Tier 1 automotive seat and/or interior part manufacturers for a particular vehicle model, and these appointments have no definite time period. Thus, should there be significant and prolonged price fluctuations in leather and synthetic leather automotive cover materials, this could adversely impact our profit margins which would consequently impact our financial performance.

9. RISK FACTORS (CONT'D)

Although any increases in prices of leather and synthetic leather automotive cover materials will impact all automotive cover manufacturers and we may negotiate our selling prices with the automotive vehicle OEMs and/or Tier 1 automotive seat and/or interior part manufacturers, there is no assurance that the automotive vehicle OEMs and/or Tier 1 automotive seat and/or interior part manufacturers will allow us to revise our selling prices nor will the selling price increase be sufficient to not impact our profit margins.

9.1.8 We are dependent on some of our major suppliers for certain supplies

Our Group is required by automotive vehicle OEMs to purchase certain supplies, i.e., interior parts, automotive cover materials and/or automotive seat parts from PKT companies, Daewon and Toyo, for the manufacture of these automotive vehicle OEMs' automotive covers and/or automotive seats.

Thus, in the event the automotive vehicle OEMs cease working with them and are not able to find a suitable replacement in a timely manner, our Group may face a temporary supply disruption. This is because the transitional period for the automotive vehicle OEMs to source for another suitable supplier may take several months, assuming they have not identified other suitable replacements. In light of this, our Group is dependent on the abovementioned 3 major suppliers to the extent that our Group continues to be required by the automotive vehicle OEMs to purchase interior parts, automotive cover materials and/or automotive seat parts from them.

9.1.9 We may be subject to early termination of the Lease Agreement and tenancy agreements

As at the LPD, Gosford Malaysia is leasing part of the master land from Eleven Docks for the Tampoi Plant pursuant to the Lease Agreement for a period of 30 years commencing from 1 October 2023 to 30 September 2053 ("**Lease Period**"). Notwithstanding that the parties agree that the Lessor shall not be entitled to terminate the Lease or the Lease Agreement before the Lease Period expires unless with the consent of the Lessee in writing and subject to the terms and conditions of the Lease Agreement, there is no assurance that the Lease Agreement will not be terminated prior to the Expiry Date (as defined in **Section 10.1.1** of this Prospectus) particularly in the event of default by Gosford Malaysia (as lessee) under the Lease Agreement as detailed in **Section 10.1.1** of this Prospectus. In addition to the Lease, our Group is also renting several properties such as the PJ Hub, Kulim Plant 1 and Kulim Plant 3 (as detailed in **Section 7.21.2** of this Prospectus) with specific tenure and renewal term/period as set out in the respective tenancy agreement, as the case may be. There is no assurance that the landlords of these properties will not terminate the respective tenancy agreement prior to the expiry of the tenure or decide not to renew or disagree to our renewal request as provided in the respective tenancy agreement.

Any early termination of the Lease Agreement and/or the tenancy of any of the rented properties, may cause disruptions to our manufacturing activities and/or operations if we do not have an alternative manufacturing facility and/or premise to undertake the production at the Tampoi Plant or our operations at the relevant premise, or if a new manufacturing facility or premise is not identified or set up in a timely manner which may adversely affect our production activities and/or disrupt our operations, and as a result, cause a negative impact on our industry reputation, relationships with our customers, business and financial performance.

Further, in the event our Group, upon such termination of the Lease Agreement, is required to demolish the Tampoi Plant and/or remove all the fixtures, fittings and equipment erected on the land or our rented properties before re-delivering the vacant possession of the land to Eleven Docks (as the lessor) or the respective landlord, the carrying amount of the Tampoi Plant, our Group's properties and/or other fixed assets may be subject to impairment and result in a significant impairment loss on fixed assets which may have material adverse impact to our Group's financial position and financial performance.

9. RISK FACTORS (CONT'D)**9.1.10 We are exposed to fluctuation in foreign exchange rates which may impact our cost of materials purchased**

We purchase our supplies such as leather and synthetic leather automotive cover materials from foreign suppliers based in South America and China, automotive seat parts and accessories as well as interior parts from Korea and Japan. Our purchases of such materials are mainly denominated in KRW, USD, JPY and RMB. As at the LPD, we do not have formal hedging policy with respect to foreign exchange exposure. As such, any significant fluctuations in these foreign exchange rates may affect our Group's financial performance.

The breakdown of purchases made by our Group during the FY Under Review by currency is as follows:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
RM	15,317	42.2	24,971	68.4	38,735	48.9	42,268	35.1
KRW	-	-	182	0.5	15,257	19.2	25,091	20.8
USD	2,967	8.2	2,609	7.1	11,618	14.7	10,908	9.0
RMB	10,138	28.0	7,756	21.2	8,987	11.3	13,084	10.9
JPY	7,732	21.3	917	2.5	3,794	4.8	21,101	17.5
INR	-	-	-	-	730	0.9	1,835	1.5
EUR	21	0.1	15	Neg	78	0.1	6,235	5.2
SGD	86	0.2	54	0.1	73	0.1	24	Neg
THB	-	-	27	0.1	-	-	-	-
Total purchases	36,260	100.0	36,531	100.0	79,272	100.0	120,546	100.0

Note:

Neg Negligible. Being less than 0.1%.

As our sales are mainly transacted in RM, a depreciation of RM against foreign currencies such as KRW, USD, JPY and RMB will lead to higher costs of materials in RM. If we are unable to pass on these costs to our customers in a timely manner, it may reduce our profit margin.

During the FY Under Review, we have incurred losses from fluctuations in foreign exchange rates, as seen below:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Net realised loss on foreign exchange	(115)	(32)	(325)	(473)
Net unrealised loss on foreign exchange	(244)	(1)	(290)	-
Total	(359)	(33)	(615)	(473)

There can be no assurance that the financial performance of our Group will not be affected by any adverse fluctuations in foreign exchange rates in the future.

9. RISK FACTORS (CONT'D)

9.1.11 We may not have sufficient insurance to cover all losses or liabilities

We are exposed to risks such as fire, flood and accidents that may negatively impact our business operations such as damages to our products and premises. Hence, we have secured insurance that are customary in our industry to protect against various losses and liabilities such as coverage protection against fire, flood, burglary, money in transit and premises, product liability and public liability.

Notwithstanding the insurance coverage taken by our Group, our insurance does not cover certain types of losses that are not insurable or not economically insurable such as wars, riots, acts of terrorism, acts of God and outbreak of diseases.

In addition, our insurance may not be adequate to cover the losses, damages or liabilities that may arise in the course of our business operations. Any losses, damages or liabilities in excess of our insured limits or in areas for which we are not fully insured may adversely affect our Group's business, financial performance or results of operation.

9.1.12 We may not be able to successfully execute our business strategies which may hinder our Group's business growth and success

As set out in **Section 7.27** of this Prospectus, our Group intends to expand our automotive seat manufacturing operations and expand our manufacturing capacity for automotive covers. Whilst we believe that our business strategies will be beneficial to the overall performance of our Group, the expected benefits may not materialise immediately at all or may take a longer time to materialise, which may limit or reduce our profitability in the short term.

The implementation of our business strategies may be influenced by several factors beyond our control, including, but not limited to, changes in economic, social and political environment in Malaysia. Should the economic, social and political environment in Malaysia deteriorate, this would impact the demand for our automotive covers and automotive seats by our existing and prospective customers.

Further, the execution of our business strategies may also result in additional operational and capital expenditures. Such additional expenditure will increase our Group's operational cost which may adversely affect our implementation of these business strategies as well as profit margin and cash flow, should we be unable to gain sufficient revenue by securing more orders.

Therefore, there is no guarantee that we will be able to successfully execute our business strategies, nor can we assure that we will be able to anticipate all business and operational risks that may arise from our business strategies. Any failure or delays in managing and executing our business growth strategies may lead to materially adverse effects on our future business prospects and financial performance.

9.1.13 We may face credit risk

Our Group is subject to credit risks as our financial performance is dependent on our customers' ability to pay us. We generally provide our customers with credit periods of between 30 and 90 days. As such, we are exposed to credit risks arising from trade receivables which may arise from events or circumstances which are beyond our control and/or are difficult to anticipate or detect such as economic downturn or slowdown.

In the event where there is a delay in payment in part or at all, our cash flow and working capital may be adversely affected, which may adversely affect our financial performance. There is no assurance that we will not experience significant impairment losses or bad debts in the future.

9. RISK FACTORS (CONT'D)

Our trade receivables turnover days have been 108 days in FYE 2020 and 100 days in FYE 2021. Nevertheless, our trade receivable turnover days improved in FYE 2022 and FYE 2023 to 84 days and 63 days, respectively, which is within our credit term period. Meanwhile, our bad debts amounted to RM0.2 million in FYE 2021 while in FYE 2022, our impairment losses amounted to RM0.5 million and bad debts was negligible. In FYE 2023, our bad debts amounted to RM0.02 million and no impairment losses were incurred. Although the amount impaired and bad debts were not significant in FYE 2021, FYE 2022 and FYE 2023, there is no assurance that we will not encounter significant impairment losses or bad debts in the future.

9.1.14 We are subject to product liability claims

As an automotive cover and seat manufacturer, we may be subject to product liability claims due to product defects. If our products prove to be defective and result in losses to our customers, we may have to incur significant legal costs and divert our administrative resources in handling the claims which could be a lengthy process, regardless of the outcome of the claims. We may be forced to defend lawsuits and if unsuccessful, we may be required to pay a substantial amount of damages. In addition, such claims could damage our reputation and our business relationships with our customers.

A substantial claim or substantial number of claims relating to our products could have a material and adverse impact on our business, operating results and financial position.

Since commencement up to the LPD, we have not experienced any product liability claim. Nevertheless, there is no assurance that this will not occur in the future despite our products having passed through our quality control processes.

9.2 RISKS RELATING TO OUR INDUSTRY**9.2.1 We are subject to the inherent risk of the automotive industry**

As we are principally involved in the manufacturing of automotive covers and automotive seats, we are subject to risk relating to the automotive industry. Any challenges, downturn and/or decline in the demand of automotive industry which could be depicted by production and sales of vehicles, will cause an adverse effect on our business, financial condition, results of operations and prospects.

The automotive industry may be affected by a number of factors which includes changes in Government policies such as tax incentives, the economic condition as well as consumer preferences. The occurrence of any of these events are beyond our control and there is no assurance that our Group will not be affected by such events.

9.2.2 We may face competition from other industry players

Our Group competes with industry players involved in the manufacturing of automotive covers and automotive seats. They may compete with us in terms of pricing, quality, manufacturing facilities and capabilities and ability to deliver in a timely manner.

Some of our competitors may have longer operating history, greater financial and marketing abilities and larger customer bases. Such competitors can more promptly respond to evolving industry standards and changes in market conditions than we can. Intense competition will subject us to pricing pressure which may squeeze profit margins and reduce our revenue. If we fail to compete effectively or maintain our competitiveness in the market, our business, results of operations and prospects will be adversely affected.

9. RISK FACTORS (CONT'D)

9.2.3 We are subject to political, social, regulatory and economic risks

We operate mainly in Malaysia and Singapore, and we sell our product to overseas market including, but not limited to, Australia and New Zealand. Hence, any changes in political, economic or regulatory conditions in Malaysia and globally, may materially and adversely affect the demand and supply of our products and its prices. These events could include, but not limited to:

- political and economic instability, including global and regional macroeconomic disruptions such as natural disasters, pandemics and epidemics, geopolitical tension, or other risks related to countries where we procure our materials and sell our products;
- unfavourable changes in government policies such as introduction of new regulations, including trade protection measures, sanctions and subsidies as well as changes in import tariffs and related duties; and
- risks with respect to social and political crisis resulting from riots, terrorism, war or civil unrest.

As at the LPD, we have not experienced any material impact of any adverse government, political, economic and regulatory changes on our Group's business and operations. However, there can be no assurance that the adverse political, social, economic or regulatory developments, which are beyond our control, will not materially affect our business and financial performance in the future.

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9. RISK FACTORS (CONT'D)

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES**9.3.1 The offering of our Shares may not result in an active liquid market for our Shares**

Prior to our Listing, there has been no public market for our Shares. Hence our Listing does not guarantee that it will develop an active market for the trading of our Shares, or if developed, such market can be sustained.

The IPO Price has been determined after taking into consideration a number of factors, including but not limited to, our Group's financial performance, operating history and condition, the prospects of our Group and the industry in which our Group operates, and the prevailing market conditions. As such, the price at which our Shares will trade on the Main Market is dependent on market forces beyond our control.

There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

9.3.2 The trading price and trading volume of our Shares may be volatile

The trading price and volume of our Shares may fluctuate due to various factors which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.3.3 We may not be able to declare dividends to our shareholders

Our Board intends to recommend and distribute dividends of at least 40% of our net profits attributable to the owners of our Company for each financial year. However, our Group's ability to pay dividends to our shareholders is dependent on, amongst others, our future financial performance, cash flow positions, capital requirements as well as the implementation of our business plans. Our ability to pay dividends to our shareholders may be affected should these factors deteriorate.

As such, there can be no assurance (i) that dividends will be paid out to our shareholders in the future; (ii) on the timing of any dividend to be paid in the future; or (iii) the quantum of dividends that will be paid in the future. In addition, dividends are not guaranteed and our Board, at its discretion, may decide not to pay dividends at any time and for any reasons. If we do not pay our shareholders dividends, or if the dividends paid are lower compared to levels anticipated by our investors, the market price of our Shares may be negatively affected, reducing the value of any investment in our Shares.

9.3.4 There may be a delay in or abortion of our Listing

Our Listing may be delayed or aborted should any of the following events occur:

- (i) we are unable to meet the public shareholding spread requirements under the Listing Requirements, where at least 25% of our total number of Shares for which listing is sought must be held by a minimum of 1,000 public shareholders, with each holding not less than 100 Shares at the point of our Listing;

9. RISK FACTORS (CONT'D)

- (ii) our Managing Underwriter and/or Joint Underwriter(s) exercising their rights under the Underwriting Agreement, or our Joint Placement Agent(s) exercising their rights under the placement agreement, to discharge themselves from their obligation therein; and
- (iii) revocation of approvals from relevant authorities for our Listing.

Should any of the events occur, investors will not receive any Shares, and all monies paid in respect of the Application will be returned in full without interest within fourteen (14) days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and our Shares have been allotted to the investors, the return of monies to investors could only be achieved by way of cancellation of share capital as provided under Section 116 or Section 117 of the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.5 Significant influence by our Promoters

Upon Listing, our Promoters will collectively hold an aggregate 590,559,200 Shares, representing 70.0% of our enlarged issued Shares. As a result, our Promoters will likely influence the outcome of certain matters which require the vote of our shareholders, unless they and persons connected with them are abstained from voting, either by law, relevant guidelines or regulations. As such, there exists a risk of non-alignment of interests by our Promoters with those of our other shareholders.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, a “**related party transaction**” is a transaction entered into by a listed issuer or its subsidiaries that involves the interest, direct or indirect, of a related party. A “**related party**” of a listed issuer is:

- (i) a director, having the meaning given in Section 2(1) of the CMA, and includes any person who is or was within the preceding 6 months of the date in which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (ii) a major shareholder, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiary or holding company, and has or had an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares is:
 - (a) 10% or more of the total number of voting shares in the corporation; or
 - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation; or
 - (iii) a person connected with such director or major shareholder.

10.1.1 Material related party transactions

Save as disclosed below and the Acquisitions, there is no material related party transaction, existing or proposed, 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 with them for the FY Under Review and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	1 January 2024 up to the LPD RM'000
1.	Eleven Docks/ Gosford Malaysia	<ul style="list-style-type: none"> • Go Yoong Chang is a director and Tan Sun Sun is a director and shareholder of Eleven Docks. • Both of them are our 	<ul style="list-style-type: none"> Rental of a part of land bearing postal address of No. 1, Jalan Bayu 2/6, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor by Gosford Malaysia from Eleven Docks for the 	178	356	356	357	120
			<ul style="list-style-type: none"> (0.4% of our Group's cost of sales for the FYE 2020) (0.7% of our Group's cost of sales for the FYE 2021) (0.5% of our Group's cost of sales for the FYE 2022) (0.3% of our Group's cost of sales for the FYE 2023) 					

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024 up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
	Promoters, Independent Executive Directors and major shareholders.	Non-Independent Executive Directors and major shareholders.	Rental of 4 units of double storey terrace factory bearing postal address of No. 17 and 19, Jalan Bayu 2/3 and No. 6 and 8, Jalan Bayu 2/4, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor by Gosford Malaysia from Eleven Docks as staff hostel (i.e., the Tampoi Hostel). ⁽²⁾	60	120	120	132	48
			Provision of management services by Gosford Malaysia to Eleven Docks, which included finance and information computer technology services. ⁽³⁾	12	12	12	- ⁽³⁾	-

Notes:

- (1) A lease agreement dated 1 July 2020 was entered into between Gosford Malaysia and Eleven Docks to rent the land for Tampoi Plant for the initial period of 3 years commencing from 1 July 2020 to 30 June 2023 with an option to renew for a further period of 3 years at the rental rate of RM29,700.00 per month. On 1 July 2023, the parties have mutually agreed to further extend the lease period for another 3 months at the same terms and conditions and rental rate. Subsequently, Gosford Malaysia and Eleven Docks have entered into the Lease Agreement for a period of 30 years commencing from 1 October 2023 to 30 September 2053 at the rental rate of RM29,900.00 per month ("**Lease**"). The rental rate of the land for the Tampoi Plant is based on the prevailing market rental rate as appraised by Rahim & Co International Sdn Bhd, an independent valuer appointed by Gosford Malaysia. For the avoidance of doubt, the Tampoi Plant is owned by Gosford Malaysia.

The salient terms of the Lease Agreement are as set out below:

Parties	(i) Eleven Docks as Lessor
	(ii) Gosford Malaysia as Lessee

10. RELATED PARTY TRANSACTIONS (CONT'D)

Particulars of land	Land area measuring approximately 9,267.13 sq m (99,750.56 sq ft), forming part of the master freehold land held under title Geran 488497 Lot 2052 Mukim Tebrau, Daerah Johor Bahru, Negeri Johor (" Land ") and bearing the postal address of No. 1, Jalan Bayu 2/6, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor.
Rental rate	RM29,900.00 per month.
Lease Period	30 years commencing from the date of the Lease Agreement. The parties agree that the Lessor shall not be entitled to terminate the Lease or the Lease Agreement before the Lease Period expires (" Expiry Date "), unless with the consent of the Lessee in writing and subject to the terms and conditions of the Lease Agreement.
Option to renew	At the option of the Lessee, to renew the Lease for a period to be mutually agreed between the parties subject to the revised rental rate, which shall be determined based on an assessment of the prevailing market rental rates to be conducted by an independent valuer to be mutually appointed by the parties.
Right of first refusal to purchase the Land	(a) After the expiration of the Lease Period or Option Period (as defined below), if the Lessor proposes to novate, transfer, dispose of or otherwise deal with its interest in the Land, to third parties, the Lessor shall grant to the Lessee a right of first refusal to buy the Land. (b) The Lessor shall notify and offer to the Lessee the sale of the Land (the " Offer ") stating inter alia, the purchase price (the " Purchase Price ") of the Land. (c) The Lessee shall within 60 days of being notified of the Offer, revert to the Lessor on its decision on the acceptance of the Offer. The Lessee shall within 14 business days from the date of the acceptance of the Offer, execute a sale and purchase agreement subject to the terms and conditions for the sale of the Land as set out in the Lease Agreement. (d) In the event that the Lessee does not accept the Offer within the time period prescribed, the Lessor shall be at liberty and is entitled to offer the Land to any third party without any further notice or consent and if the Lessor does offer to such third party, the offer shall be on terms and conditions no better than that offered to the Lessee including the Purchase Price for the Land.
Grant of option to purchase the Land	(a) The Lessor grants to the Lessee an exclusive option to purchase the Land at an option price to be determined and subject to the terms and conditions as set out in the Lease Agreement (" Option "). (b) The parties agree that the Option may be exercisable on the day immediately after commencement date of the Lease up to Expiry Date of the Lease (" Option Period "). In the event the Lessee is desirous of exercising the Option anytime during the Option Period, the Lessee shall give not less than 3 months written notice to the Lessor advising the Lessor of its intention to exercise the Option and subject to the terms and conditions for the sale of the Land as set out in the Lease Agreement.

10. RELATED PARTY TRANSACTIONS (CONT'D)

<p>Events of default</p>	<p><u>Lessee's default</u> On the occurrence of any one or more of the following events: (a) if the rental or any part thereof in arrears and remain unpaid by the Lessee at any time for 30 days after becoming due whether formally demanded or not; or (b) if there shall be any material breach, non-performance or non-observance by the Lessee of any covenant or conditions contained in the Lease Agreement; or (c) if the Lessee goes into liquidation or receivership, then the Lessor may serve a termination notice ("Termination Notice") on the Lessee requesting the Lessee to remedy the breach within 30 days from the said Termination Notice ("Remedy Period"). If the Lessee fails to remedy the breach within the Remedy Period, the Lessor shall be at liberty to re-enter upon the Land or any part thereof to take possession of the Land and to terminate the Lease but without prejudice to the right of action of the Lessor in respect of any breach of the Lessee's covenants in the Lease Agreement. On termination, the Lessee shall deal with the Tampoi Plant (including all fixtures, fittings and equipment) erected on the Land, in accordance with paragraph (d) of the termination clause as set out below.</p> <p><u>Lessor's default</u> On the occurrence of any one or more of the following events: (a) if there shall be any material breach, non-performance or non-observance by the Lessor of any covenants or conditions contained in the Lease Agreement; or (b) if the Lessor goes into liquidation or receivership; then the Lessee may serve a Termination Notice on the Lessor requesting the Lessor to remedy breach within the Remedy Period. If the Lessor fails to remedy the breach within the Remedy Period, the Lessee may terminate the Lease and exercise its right under the Lease Agreement to demand the Lessor to acquire the Tampoi Plant including seeking any compensation, indemnity and/or damages for the loss of its business.</p>
<p>Termination / Expiry of the Lease</p>	<p>At the Expiry Date, or on the occurrence of event of default or early termination of the Lease by the Lessee for whatever reason: (a) the Lessee shall deliver vacant possession of the Land to the Lessor; (b) if the Lessee fails to deliver the vacant Land after the Expiry Date the Lessee is deemed to have tenanted the Land on month-to-month basis, at the monthly rental to be agreed between the parties until the date the Lessee delivers vacant possession of the Land to the Lessor; (c) within 30 days from the Expiry Date or termination date (as the case may be), the Lessee is to remove its registered lease on the Land at its own costs and expenses, failing which the Lessor shall have the right to seek all legal recourse available under the laws of Malaysia to remove such registered lease and all costs and expenses incurred for such legal resources, removal of registered lease including appointment of any legal counsel or any agents, shall be borne by the Lessee;</p>

10. RELATED PARTY TRANSACTIONS (CONT'D)

	<p>(d) the Lessee shall have the right to deal with the Tampoi Plant and if applicable any fixtures, fittings and equipment in the Tampoi Plant erected on the Land in the following manner:</p> <ul style="list-style-type: none"> (i) firstly, offer to the Lessor an option to acquire the Tampoi Plant and if applicable any fixtures, fittings and equipment; and (ii) secondly, if the Lessor rejects the offer, the Lessee shall be at liberty to sell / dispose of the Tampoi Plant and all the fixtures, fittings and equipment to any third party which it shall deem fit; or (iii) to demolish the Tampoi Plant and remove all the fixtures, fittings and equipment erected on the Land, at its own costs and expenses before re-delivering the vacant possession of the Land to the Lessor. <p>If the Lessor agrees to accept the offer as set out in paragraph (d)(i) above, the Lessor shall acquire the Tampoi Plant based on an "as is where is" basis at the prevailing market price subject to a valuation to be undertaken by the independent valuer to be appointed by the parties, and based on terms and conditions of the sale for Tampoi Plant to be mutually agreed between the parties.</p>
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- (2) The initial tenancy period was 2 years from 1 July 2020 to 30 June 2022, which was extended for another 2 years from 1 July 2022 to 30 June 2024 at the rental rate at RM10,000.00 per month. On 1 July 2023, the parties have terminated the said tenancy agreement and executed a new tenancy agreement whereby under the new tenancy agreement, the tenancy is for a period of 42 months from 1 July 2023 to 31 December 2026 with an option to renew at the discretion of the tenant. The rental under new tenancy agreement was revised to RM12,000 per month, which is based on the prevailing market rental rate, after taking into consideration of the assessment from Rahim & Co International Sdn Bhd, being an independent valuer appointed by Gosford Malaysia.
- (3) Ceased since 31 December 2022.

Our Board (save for the interested Directors, i.e. Connie Go, Go Yoong Chang and Tan Sun Sun) has reviewed all the related party transactions set out above and is of the view that the abovementioned transactions were carried out in the best interest of our Group and transacted on an arm's length basis and based on normal commercial terms which are not more favourable to the related parties and are not to the detriment to the other shareholders of our Company after taking into consideration the following:

- (a) the rental rates of the Land and Tampoi Hostel charged by Eleven Docks to Gosford Malaysia during the FY Under Review were determined based on prevailing market rate per sq ft at the time of entering into the tenancy agreements by benchmarking against the available market rental rates listed on various property listing websites for similar type of property and location; and
- (b) the management fees charged by Gosford Malaysia to Eleven Docks for the FYEs 2020 to 2022 were established by time cost method based on actual hours spent by Gosford Malaysia's staff for those management services rendered to Eleven Docks for the FYEs 2020 to 2022.

10. RELATED PARTY TRANSACTIONS (CONT'D)

Our Board also confirms that there is no other material related party transaction that have been entered by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them but not yet effected up to the date of this Prospectus.

After our Listing, we may be required to seek our shareholders' approval for each related party transaction subject to the requirements of the Listing Requirements. However, if the 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 related party transactions during the validity period of the mandate. In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them who have any direct or indirect interest in the proposed related party transactions shall abstain from deliberation and voting on resolution(s) pertaining to the respective transactions.

In addition, the Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out based on normal commercial terms not more favourable to the related party than those generally available to third parties dealing at arm's length basis with our Group and are not to the detriment to other shareholders of our Company. We will make disclosures in our annual reports which shall include, among others, the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the respective financial year.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.2 Transactions that are unusual in nature or condition

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which our Company and/or any of our Subsidiaries were a party in respect of the FY Under Review and up to the LPD.

10.1.3 Loans and/or financial assistance made to or for the benefit of related parties

Save as disclosed below, there are no other outstanding loans and/or financial assistance (including guarantee of any kind) made by our Group to or for the benefit of any related parties for the FY Under Review and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024
				RM'000	RM'000	RM'000	RM'000	up to the LPD RM'000
1.	Go Capital / Gosford Malaysia	Go Yoong Chang was a Director of Go Capital ⁽¹⁾ and he is currently the Non-Independent Non-Executive Chairman and major shareholder of Go Innovate, which is the holding company of Go Capital.	Advances from Gosford Malaysia to Go Capital for the working capital purposes of Go Capital.	135	10,098	8,151	-	-
			(0.2% of our Group's NA as at 31 December 2020)		(13.9% of our Group's NA as at 31 December 2021)	(9.5% of our Group's NA as at 31 December 2022)		
			Advances for the financial year / period	14,000	10,000	2,000	-	-
			(22.1% of our Group's NA as at 31 December 2020)		(13.7% of our Group's NA as at 31 December 2021)	(2.3% of our Group's NA as at 31 December 2022)		

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024
				RM'000	RM'000	RM'000	RM'000	up to the LPD RM'000
				Repayment of advances for the financial year / period				
				14,000	397	4,325	8,233	-
				(22.1% of our Group's NA as at 31 December 2020)	(0.5% of our Group's NA as at 31 December 2021)	(5.1% of our Group's NA as at 31 December 2022)	(6.4% of our Group's NA as at 31 December 2023)	
				Interest income for the financial year / period				
				135	360	378	82	-
				(0.6% of our Group's PBT for FYE 2020)	(1.4% of our Group's PBT for FYE 2021)	(1.0% of our Group's PBT for FYE 2022)	(0.1% of our Group's PBT for FYE 2023)	
2.	Peerless Steel/ Gosford Malaysia	Go Yoong Chang is a Director and Tan Sun Sun is a Director and shareholder of Peerless Steel.	Advances from Gosford Malaysia to Peerless Steel for the working capital purposes of Peerless Steel.	Balance outstanding as at end of financial year / period				
				8	-	-	-	-
				(Neg)				
				Advances for the financial year / period				
				75	-	-	-	-
				(0.1% of our Group's NA as at 31 December 2020)				

- Both of them are our Promoters, Independent Directors and major shareholders.
- The advances provided were unsecured, bearing interest of 3.9% per annum based on the interest rate of the term loan charged by AmBank Islamic Berhad, being the principal banker of Gosford Malaysia.

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024
				RM'000	RM'000	RM'000	RM'000	up to the LPD
				Repayment of advances for the financial year / period				
				1,057	8	-	-	-
				(1.7% of our Group's NA as at 31 December 2020)				
				(Neg)				
				Interest income for the financial year / period				
				8	-	-	-	-
				(Neg)				
				Balance outstanding as at end of financial year / period				
				51	140	311	-	-
				(0.1% of our Group's NA as at 31 December 2020)				
				(0.2% of our Group's NA as at 31 December 2021)				
				(0.4% of our Group's NA as at 31 December 2022)				
				Advances for the financial year / period				
				1,132	140	169	167	-
				(1.8% of our Group's NA as at 31 December 2020)				
				(0.2% of our Group's NA as at 31 December 2021)				
				(0.2% of our Group's NA as at 31 December 2022)				
				(0.1% of our Group's NA as at 31 December 2023)				
3.	Peerless Steel/ Trimex Malaysia	Go Yoong Chang is a Director and Tan Sun Sun is a Director and shareholder of Peerless Steel.	Advances from Trimex Malaysia to Peerless Steel for the working capital purposes of Peerless Steel and settlement of advances owed by Peerless Steel to Gosford Malaysia.					
		Both of them are our Promoters, Non-Independent Executive Directors and major shareholders.	The advances provided were unsecured, bearing interest ranging from 3.40% to 6.45% per annum based on the base lending rate ("BLR") of AmBank (M) Berhad (for FYE 2020) and the average lending rate ("ALR") of BNM (for FYEs 2021 to 2023). The change in interest rate adopted for the advances is					

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024
				RM'000	RM'000	RM'000	RM'000	up to the LPD RM'000
			carried out after considering the advice from the transfer pricing consultant appointed by Trimex Malaysia.	1,132	53	6	484	-
				(1.8% of our Group's NA as at 31 December 2020)	(0.1% of our Group's NA as at 31 December 2021)	(Neg)	(0.4% of our Group's NA as at 31 December 2023)	
				Repayment of advances for the financial year / period				
				50	2	8	6	-
				Interest income for the financial year / period				
				(0.2% of our Group's PBT for FYE 2020)	(Neg)	(Neg)	(Neg)	
				Balance outstanding as at end of financial year / period				
				*	-	-	-	-
				(Neg)				
				Advances for the financial year / period				
				30	-	-	-	-
				(Neg)				
4.	GLSB ⁽²⁾ / Gosford Malaysia	<ul style="list-style-type: none"> Go Yoong Chang is a Director and shareholder of GLSB. He is also our Promoter, Non-Independent Executive Director and major shareholder. 	<p>Advances from Gosford Malaysia to GLSB for the statutory and administrative expenses of GLSB.</p> <p>The advances provided were unsecured, bearing interest of 3.9% per annum based on the interest rate of the term loan charged by AmBank Islamic Berhad, being the principal banker of Gosford Malaysia.</p>					

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024
				RM'000	RM'000	RM'000	RM'000	up to the LPD
								RM'000
			Repayment of advances for the financial year / period	110	*	-	-	-
			(0.2% of our Group's NA as at 31 December 2020)	(Neg)				
			Interest income for the financial year / period	*	-	-	-	-
			(Neg)					
5.	GLSB ⁽²⁾ / Trimex Malaysia	Go Yoong Chang is a Director and shareholder of GLSB. He is also our Promoter, Non-Independent Executive Director and major shareholder.	Advances from Trimex Malaysia to GLSB for the statutory and administrative expenses of GLSB and settlement of advances owed by GLSB to Gosford Malaysia. The advances provided were unsecured, bearing interest ranging from 3.40% to 6.45% per annum based on the BLR of AmBank (M) Berhad (for FYE 2020) and the ALR of BNM (for FYEs 2021 to 2023). The change in interest rate adopted for the advances is carried out after considering the advice	115	134	155	-	-
			Balance outstanding as at end of financial year / period	(0.2% of our Group's NA as at 31 December 2020)	(0.2% of our Group's NA as at 31 December 2021)	(0.2% of our Group's NA as at 31 December 2022)		
			Advances for the financial year / period	110	25	19	-	-
			(0.2% of our Group's NA as at 31 December 2020)	(Neg)	(Neg)	(Neg)		

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024
				RM'000	RM'000	RM'000	RM'000	up to the LPD RM'000
			from the transfer pricing consultant appointed by Trimex Malaysia.	-	10	3	157	-
					(Neg)	(Neg)	(0.1% of our Group's NA as at 31 December 2023)	
				Interest income for the financial year / period				
				5	4	5	2	-
				(Neg)	(Neg)	(Neg)	(Neg)	
				Balance outstanding as at end of financial year / period				
				3	-	-	-	-
				(Neg)				
				Advances for the financial year / period				
				100	-	-	-	-
				(0.2% of our Group's NA as at 31 December 2020)				
6.	Go Auto ⁽³⁾ / Trimex Malaysia	<ul style="list-style-type: none"> Go Yoong Chang was a Director and shareholder of Go Auto. He is also our Promoter, Non-Independent Executive Director and major shareholder. 	<p>Advances from Trimex Malaysia to Go Auto for the working capital purposes of Go Auto.</p> <p>The advances provided were unsecured, bearing interest ranging from 5.45% to 5.70% per annum based on the BLR of AmBank (M) Berhad, being the principal banker of Trimex Malaysia.</p>					

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024	
				RM'000	RM'000	RM'000	RM'000	up to the LPD	
				100	3	-	-	RM'000	
				Repayment of advances for the financial year / period					
				(0.2% of our Group's NA as at 31 December 2020)	(Neg)				
				Interest income for the financial year / period					
				3	-	-	-	-	
				(Neg)					
7.	Go Yoong Chang/ Trimex Malaysia	Go Yoong Chang is a Director and shareholder of Trimex Malaysia. He is also our Promoter, Non-Independent Executive Director and major shareholder.	Advances from Trimex Malaysia to Go Yoong Chang for his personal investments ⁽⁴⁾ . The advances provided was unsecured and interest-free.			2,000			
				Balance outstanding as at the end of financial year / period					
				-	-	2,000	-	-	
				(2.3% of the Group's NA as at 31 December 2022)					
				Advances for the financial year / period					
				-	-	2,000	-	-	
				(2.3% of the Group's NA as at 31 December 2022)					

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024
				RM'000	RM'000	RM'000	RM'000	up to the LPD
			Repayment of advances for the financial year / period	-	-	-	2,000	-
							(1.6% of our Group's NA as at 31 December 2023)	
			Interest income for the financial year / period	-	-	-	-	-
8.	Connie Go/ Gosford Singapore	<ul style="list-style-type: none"> Connie Go is a Director and shareholder of Gosford Singapore. She is also our Promoter, Non-Independent Executive Director and major shareholder. 	Repayment of advances by Connie Go to Gosford Singapore.	-	-	-	-	-
			Balance outstanding as at the end of financial year / period	-	-	-	-	-
			Advances for the financial year / period	-	-	-	-	-
			Repayment of advances for the financial year / period	504	-	-	-	-
				(0.8% of the Group's NA as at 31 December 2020)				
			Interest income for the financial year / period	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024
				RM'000	RM'000	RM'000	RM'000	up to the LPD
9.	Eleven Docks/ Gosford Malaysia	<p>Go Yoong Chang is a Director and Tan Sun Sun is a Director and shareholder of Eleven Docks.</p> <p>Both of them are our Promoters, Non-Independent Executive Directors and major shareholders.</p>	<p>Repayment of advances by Eleven Docks to Gosford Malaysia for the construction of the Tampoi Plant.</p>	-	-	-	-	-
			Advances for the financial year / period	-	-	-	-	-
			Repayment of advances for the financial year / period	5,000	-	-	-	-
			(7.9% of our Group's NA as at 31 December 2020)					
			Interest income for the financial year / period	-	-	-	-	-
10.	Eleven Docks/ Gosford Malaysia	<p>Go Yoong Chang is a Director and Tan Sun Sun is a Director and shareholder of Eleven Docks.</p> <p>Both of them are our Promoters, Non-Independent Executive Directors and major shareholders.</p>	<p>Provision of corporate guarantee by Gosford Malaysia in favour of Public Bank Berhad for the banking facilities granted to Eleven Docks.</p> <p>The banking facilities granted to Eleven Docks were fully settled on 17 November 2022 and the facility is cancelled.</p>	1,081	1,012	-	-	-
			(1.7% of our Group's NA as at 31 December 2020)		(1.4% of our Group's NA as at 31 December 2021)			

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024
				RM'000	RM'000	RM'000	RM'000	up to the LPD RM'000
11.	Eleven Docks/ Gosford Malaysia	<ul style="list-style-type: none"> Go Yoong Chang is a Director and Tan Sun Sun is a Director and Eleven Docks. Both of them are our Promoters, Non-Independent Executive Directors and major shareholders. 	Provision of corporate guarantee by Gosford Malaysia in favour of Public Bank Berhad for the banking facilities granted to Eleven Docks. As at the LPD, the corporate guarantee had been discharged.	4,916 (7.8% of our Group's NA as at 31 December 2020)	4,610 (6.3% of our Group's NA as at 31 December 2021)	4,220 (4.9% of our Group's NA as at 31 December 2022)	3,961 (3.1% of our Group's NA as at 31 December 2023)	-
12.	Peerless Steel/ Gosford Malaysia	<ul style="list-style-type: none"> Go Yoong Chang is a Director and Tan Sun Sun is a Director and Peerless Steel. Both of them are our Promoters, Non-Independent Executive Directors and major shareholders. 	Provision of corporate guarantee by Gosford Malaysia in favour of Public Bank Berhad for the banking facilities granted to Peerless Steel. The banking facilities granted to Peerless Steel were fully settled on 21 July 2023 and the facility is cancelled.	1,697 (2.7% of our Group's NA as at 31 December 2020)	1,610 (2.2% of our Group's NA as at 31 December 2021)	1,523 (1.8% of our Group's NA as at 31 December 2022)	-	-

Notes:

* Less than RM1,000.

Neg Negligible. Being less than 0.1% of our Group's NA as at 31 December of the respective financial year or PBT for the respective financial year, as the case may be.

(1) Go Yoong Chang resigned as a Director of Go Capital on 14 June 2023.

(2) GLSB was dissolved on 4 September 2023.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (3) Go Yoong Chang resigned as a Director of Go Auto and disposed of all his shares in Go Auto to a non-related third party in May 2023.
- (4) Advances provided to Go Yoong Chang when Trimex Malaysia was an exempt private company, within the meaning given in the Act.
- As at the LPD, all advances provided by our Group to its related parties (i.e., items 1 to 9 above) had been fully settled. Save for the advances from Trimex Malaysia to Go Yoong Chang (item 7 above) which were interest-free and not on arm's length basis and on normal commercial terms, all other advances extended to the related parties were provided on an arm's length basis and on normal commercial terms as the interest rates charged to the related parties were determined after taking into consideration the interest rate on the term loan charged by AmBank Islamic Berhad, being principal banker of Gosford Malaysia or BLR of AmBank (M) Berhad, being the principal banker of Trimex Malaysia (i.e., AmBank (M) Berhad) or the ALR of BNM at the point of time.

The corporate guarantee provided by our Group to its related parties (i.e., items 10 to 12 above) had been cancelled or discharged.

In addition, our Group has put in place internal control and compliance procedures in relation to loans and/or financial assistance to be provided to its related parties and/or third parties. Moving forward, no further loans, advances or financial assistance will be provided to or for the benefit of any related parties by our Group unless such loans are permitted under the applicable laws and the Listing Requirements and brought to our Company's Audit and Risk Management Committee and our Board for deliberation and approval. The procedures to be undertaken to ensure that future related party transactions (if any) are carried out on an arm's length basis are set out in **Section 10.2** of this Prospectus.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.4 Loans and/or financial assistance from related parties

Save as disclosed below, there are no other outstanding loans and/or financial assistance (including guarantees of any kind) that have been granted or made by related parties to or for the benefit of our Group for the FY Under Review and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Outstanding amount					As at the LPD			
				As at 31 December 2020		As at 31 December 2021		As at 31 December 2022				
				RM'000		RM'000		RM'000			RM'000	
1.	Eleven Docks, Go Yoong Chang and Tan Sun Sun/ Gosford Malaysia	<ul style="list-style-type: none"> Go Yoong Chang is a Director and Tan Sun Sun is a Director and shareholder of Eleven Docks. Both of them are our Promoters, Non-Independent Executive Directors and major shareholders. 	(i) Charge over the land held under Geran Hakmilik 488497 Lot 2052, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor bearing postal address of No. 1, Jalan Bayu 2/6, Kawasan Perindustrian Tampoi Jaya, 81200 Johor Bahru, Johor, owned by Eleven Docks (as the registered owner) (" Pledged Land "); and	3,867	(6.1% of our Group's NA as at 31 December 2020)	3,455	(4.7% of our Group's NA as at 31 December 2021)	3,056	(3.6% of our Group's NA as at 31 December 2022)	2,655	(2.1% of our Group's NA as at 31 December 2023)	2,533
			in favour of AmBank Islamic Berhad for the banking facilities granted to Gosford Malaysia for the construction of Tampoi Plant. ⁽¹⁾	21	(Neg)	142	(0.2% of our Group's NA as at 31 December 2021)	121	(0.1% of our Group's NA as at 31 December 2022)	121	(0.1% of our Group's NA as at 31 December 2023)	121
			(i) Charge over the Pledged Land; and									
			(ii) provision of personal guarantee by Go Yoong Chang and Tan Sun Sun,									
			in favour of AmBank (M) Berhad for the banking facilities granted to Gosford Malaysia for multi-trade financing. ⁽¹⁾									

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Outstanding amount					As at the LPD			
				As at 31 December 2020		2021		2022				
				RM'000		RM'000		RM'000			RM'000	
2.	Go Yoong Chang and Tan Sun Sun/ Trimex Malaysia	<ul style="list-style-type: none"> Go Yoong Chang and Tan Sun Sun are our Promoters, Non-Independent Executive Directors and major shareholders. 	<p>Provision of personal guarantee by Go Yoong Chang and Tan Sun Sun in favour of AmBank (M) Berhad for the banking facilities granted to Trimex Malaysia to finance the purchase of investment property.⁽¹⁾</p> <p>Provision of personal guarantee by Go Yoong Chang and Tan Sun Sun in favour of Public Bank Berhad for the banking facilities granted to Trimex Malaysia to finance the purchase of investment property.⁽²⁾</p>	6,140	(9.7% of our Group's NA as at 31 December 2020)	5,750	(7.9% of our Group's NA as at 31 December 2021)	5,356	(6.3% of our Group's NA as at 31 December 2022)	4,962	(3.9% of our Group's NA as at 31 December 2023)	4,809
3.	Go Yoong Chang and Tan Sun Sun/ Gosford Malaysia	<ul style="list-style-type: none"> Go Yoong Chang and Tan Sun Sun are our Promoters, Non-Independent Executive Directors and major shareholders. 	<p>Provision of personal guarantees by Go Yoong Chang and Tan Sun Sun in favour of AmBank (M) Berhad for the bank guarantee granted to Trimex Malaysia ("Bank Guarantee").⁽¹⁾</p> <p>Provision of personal guarantee by Go Yoong Chang and Tan Sun Sun in favour of AmBank (M) Berhad for the foreign exchange contract facilities ("FEC") granted to Gosford Malaysia.⁽¹⁾</p>	-	(0.6% of our Group's NA as at 31 December 2020)	-	(0.4% of our Group's NA as at 31 December 2021)	-	(0.3% of our Group's NA as at 31 December 2022)	-	(0.3)	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Outstanding amount						
				As at 31 December 2020		As at 31 December 2021		As at the LPD 2023		
				RM'000		RM'000		RM'000	RM'000	
4.	Tan Sun Sun/ Feytech SB	<ul style="list-style-type: none"> Tan Sun Sun is our Promoter, Non-Independent Executive Director and major shareholder. 	Advances by Tan Sun Sun to Feytech SB for working capital purposes. The advances provided was unsecured and interest-free.	-		2,541		3,762		-
5.	Tan Sun Sun/ Trimex Australia	<ul style="list-style-type: none"> Tan Sun Sun is our Promoter, Non-Independent Executive Director and major shareholder. 	Advances by Tan Sun Sun to Trimex Australia for working capital purposes. The advances provided was unsecured and interest-free.	22	(Neg)	-		-		-
6.	Connie Go/ Gosford Singapore	<ul style="list-style-type: none"> Connie Go is our Promoter, Non-Independent Executive Director and major shareholder. 	Advances by Connie Go to Gosford Singapore for working capital purposes. The advances provided was unsecured and interest-free.	-		-		11	(Neg)	-

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10. RELATED PARTY TRANSACTIONS (CONT'D)**Notes:**

Neg Negligible. Being less than 0.1% of our Group's NA as at 31 December of the respective financial year or PBT for the respective financial year, where applicable.

(1) AmBank (M) Berhad and AmBank Islamic Berhad had on 28 July 2023 issued 4 supplemental letters of offer to Gosford Malaysia and Trimex Malaysia whereby the banks agreed to, among others:

(a) replace the personal guarantees provided by Go Yoong Chang and Tan Sun Sun with corporate guarantee by Feytech Holdings, subject to the approval for the listing of our Company on Main Market being obtained from the SC and execution of corporate guarantee by Feytech Holdings ("**Conditions**"); and

(b) discharge the Pledged Land and replace with properties owned by our Group.

As at the LPD, the charge over the Pledged Land has been replaced with the properties owned by our Group. The personal guarantees provided by Go Yoong Chang and Tan Sun Sun had been discharged and replaced with the corporate guarantee by our Company on 16 April 2024.

(2) The banking facilities granted to Trimex Malaysia were fully settled on 7 July 2023 and the facility has been cancelled.

(3) As at the LPD, Gosford Malaysia has not utilised the Bank Guarantee and FEC.

The advances from related parties to our Group are unsecured, interest-free and repayable on demand and therefore, are not on arm's length basis and not on normal commercial terms. Nevertheless, these terms are not unfavourable to our Group and all the advances from related parties to our Group have been fully settled as at the LPD.

The above financial assistance received by our Group from its related parties (including the advances from related parties) will be discontinued and will not give rise to any potential conflict of interest moving forward in view of the following:

(i) the personal guarantees had been discharged and replaced with the corporate guarantee by our Company;

(ii) the charge over the Pledged Land has been replaced with the properties owned by our Group; and

(iii) all the advances from related parties to our Group have been fully settled as at the LPD.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**10.2.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflict of interest situations that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Group to monitor related party transactions and conflicts of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Group on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length basis, and are not to the detriment of the interest of our Company's minority shareholders. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

Any reviews on the related party transactions by our Audit and Risk Management Committee are reported to our Board for its further deliberation.

10.2.2 Our Group's policy on related party transactions and conflicts of interest

Related party transactions by their nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the Directors of our Group are also Directors and/or 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 and conflicts of interest must be immediately and fully disclosed by our interested or conflicted Directors and/or major shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms which are not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders.

In addition, we have adopted a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situation and complies with the Listing Requirements, the MCCG and the Corporate Governance Guide. The procedures which may form part of the framework include, among other things, that, our Directors are required to make an annual disclosure of any existing or potential related party transactions and conflicts of interest with our Group and our Audit and Risk Management Committee will must carry out an annual assessment of our Directors which include an assessment of such related party transactions and / or conflict of interest. Upon such disclosure, the interested Director who is the related party and party who is in a position of conflict with the interest of our Group shall be required to abstain from deliberation and voting on any resolution related to the transaction. Our Audit and Risk Management Committee will in turn report to our Board after their evaluation and assessment and make the appropriate recommendations to our Board.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES WHICH CARRY ON SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE CUSTOMERS AND/OR SUPPLIERS OF OUR GROUP

As at the LPD, save for the related party transactions as disclosed in **Section 10.1.1** of this Prospectus, none of our Directors or substantial shareholders has any direct or indirect interest in any businesses or corporations which carry on a similar trade as our Group or which are the customers or suppliers of our Group.

The Directors' involvement in other business activities outside our Group would not give rise to any conflict of interest situations as the principal activities of those companies are not similar to our Group's business.

Moving forward, our Audit and Risk Management Committee will supervise any conflict of interest or potential conflict of interest situations that may arise and review our Group's current and future related party transactions to ensure that such transactions will be carried out on an arm's length basis and on commercial terms in the best interest of our Group. Please refer to **Section 10.2** of this Prospectus for further details of our monitoring and oversight policy on conflict of interest.

11.2 DECLARATIONS BY ADVISERS ON CONFLICT OF INTEREST

11.2.1 Declaration by TA Securities

TA Securities has confirmed that it has no existing or potential conflict of interest in its capacity as the Principal Adviser, Managing Underwriter, Joint Underwriter and Joint Placement Agent for our IPO.

11.2.2 Declaration by AmInvestment Bank

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies (collectively, "**AmBank Group**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of the AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of our Group.

As at 31 March 2024, the AmBank Group has extended total credit facilities of approximately RM22.0 million to our Group. AmInvestment Bank is of the opinion that the loan facilities do not give rise to a conflict of interest situation in its capacity as the Joint Underwriter and Joint Placement Agent for our IPO due to the following reasons:

- (i) the loan facilities were provided by AmBank Group in its ordinary course of business, and the said loan facilities are not material as it represented approximately 0.1% of the audited NA of AmBank Group as at 31 March 2023 and unaudited NA of AmBank Group as at 31 December 2023 of approximately RM18.1 billion and RM19.2 billion, respectively;
- (ii) AmBank Group forms a diversified financial group and is engaged in a wide range of transactions as highlighted above. AmInvestment Bank is a licensed investment bank and its appointment as the Joint Underwriter and Joint Placement Agent for our IPO is in the ordinary course of business;

11. CONFLICT OF INTEREST (CONT'D)

- (iii) the loan facilities and repayment of the aforementioned credit facilities was not determined in contemplation of and not conditional upon AmInvestment Bank being appointed as the Joint Underwriter and Joint Placement Agent for our IPO; and
- (iv) each of the entities and departments of the AmBank Group are also subject to internal control and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entities within AmBank Group has separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is regulated by BNM.

AmInvestment Bank has confirmed that there is no existing or potential conflict of interest in its capacity as the Joint Underwriter and Joint Placement Agent for our IPO.

11.2.3 Declaration by Olivia Lim & Co

Olivia Lim & Co has confirmed that it has no existing or potential conflict of interest in its capacity as the Due Diligence Solicitors for our IPO.

11.2.4 Declaration by Baker Tilly Monteiro Heng PLT

Baker Tilly Monteiro Heng PLT has confirmed that it has no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our IPO.

11.2.5 Declaration by Providence Strategic Partners Sdn Bhd

Providence Strategic Partners Sdn Bhd has confirmed that it has no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our IPO.

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12. FINANCIAL INFORMATION**12.1 HISTORICAL FINANCIAL INFORMATION**

The following historical combined financial information for the FY Under Review have been extracted from the Accountants' Report as set out in **Section 13** of this Prospectus.

The historical combined financial information presented below should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in **Section 12.2** of this Prospectus and our historical combined financial statements and the accompanying notes as set out in the Accountants' Report included in **Section 13** of this Prospectus. Our historical combined financial statements have been prepared in accordance with MFRS and IFRS.

12.1.1 Historical audited combined statements of comprehensive income

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	79,368	85,179	126,877	211,223
Cost of sales	(50,305)	(50,808)	(77,070)	(130,420)
Gross profit	29,063	34,371	49,807	80,803
Other income	2,500	2,916	2,893	3,313
Administrative expenses	(9,331)	(11,027)	(15,109)	(23,043)
Operating profit	22,232	26,260	37,591	61,073
Finance costs	(477)	(589)	(600)	(1,011)
Profit before tax	21,755	25,671	36,991	60,062
Income tax expense	(3,627)	(6,622)	(9,398)	(16,186)
Profit for the financial year	18,128	19,049	27,593	43,876
Other comprehensive income:				
Exchange differences on translation of foreign operations	53	(29)	89	98
Total comprehensive income for the financial year	18,181	19,020	27,682	43,974
Other selected financial data:				
GP margin (%) ⁽¹⁾	36.6	40.4	39.3	38.3
EBITDA (RM'000) ⁽²⁾	23,784	28,300	40,382	65,035
EBITDA margin (%) ⁽³⁾	30.0	33.2	31.8	30.8
PBT margin (%) ⁽⁴⁾	27.4	30.1	29.2	28.4
PAT margin (%) ⁽⁵⁾	22.8	22.4	21.7	20.8
Basic EPS (sen)				
- After the Pre-IPO Restructuring Exercise ⁽⁶⁾	2.6	2.7	3.9	6.3
- After our IPO ⁽⁷⁾	2.1	2.3	3.3	5.2

12. FINANCIAL INFORMATION (CONT'D)**Notes:**

- (1) GP margin is computed based on GP over revenue of our Group.
- (2) EBITDA is computed as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Operating profit	22,232	26,260	37,591	61,073
Add: Depreciation of property, plant and equipment	726	1,276	2,042	2,356
Add: Depreciation of right-of-use assets	1,097	1,270	1,273	2,048
Add: Depreciation of investment properties	252	252	252	252
Less: Interest income	(523)	(758)	(776)	(694)
EBITDA	23,784	28,300	40,382	65,035

- (3) EBITDA margin is computed based on EBITDA over revenue of our Group.
- (4) PBT margin is computed based on PBT over revenue of our Group.
- (5) PAT margin is computed based on PAT over revenue of our Group.
- (6) Calculated based on PAT over our enlarged 699,875,200 Shares in issue after our Pre-IPO Restructuring Exercise but before our IPO.
- (7) Calculated based on PAT over our enlarged 843,200,000 Shares in issue after our IPO.

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12. FINANCIAL INFORMATION (CONT'D)**12.1.2 Historical audited combined statements of financial position**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	18,385	20,984	20,929	42,634
Investment properties	8,701	8,449	8,197	7,945
Deferred tax assets	-	-	33	35
Total non-current assets	27,086	29,433	29,159	50,614
Current assets				
Inventories	19,121	15,883	34,920 ⁽³⁾	45,082
Trade and other receivables	22,223	37,953	50,758	42,372
Contract assets ⁽¹⁾	-	-	62	57
Current tax assets	768	372	292	309
Cash and short-term deposits	28,411	30,009	30,611	62,743
Total current assets	70,523	84,217	116,643	150,563
TOTAL ASSETS	97,609	113,650	145,802	201,177
EQUITY AND LIABILITIES				
Equity attributable to the owners of our Company				
Invested equity ⁽²⁾	1,441	1,741	1,741	1,741
Translation reserves	42	13	102	200
Retained earnings	61,782	71,049	83,639	126,015
TOTAL EQUITY	63,265	72,803	85,482	127,956
Non-current liabilities				
Loans and borrowings	14,314	14,536	11,145	25,142
Deferred tax liabilities	168	716	622	1,047
Total non-current liabilities	14,482	15,252	11,767	26,189
Current liabilities				
Loans and borrowings	2,216	3,122	2,882	3,249
Trade and other payables	17,646	22,420	43,158	42,994
Current tax liabilities	-	53	2,513	789
Total current liabilities	19,862	25,595	48,553	47,032
TOTAL LIABILITIES	34,344	40,847	60,320	73,221
TOTAL EQUITY AND LIABILITIES	97,609	113,650	145,802	201,177

Notes:

- (1) Contract assets arose from our Group's delivery of automotive seats to our customers as at the financial year end but the invoices are yet to be issued. Upon issuance of the invoice, the contract assets will be reclassified as trade receivables.
- (2) Represents the aggregate of the share capital of the combining entities constituting our Group.
- (3) In FYE 2022, the inventories increased in line with our Group's increasing operational needs in order to meet the orders from our customers, in particular our Group's automotive seats division which commenced since February 2022.

12. FINANCIAL INFORMATION (CONT'D)**12.1.3 Historical audited combined statements of cash flows**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	21,755	25,671	36,991	60,062
Adjustments for:				
Depreciation of property, plant and equipment	1,823	2,546	3,315	4,404
Depreciation of investment properties	252	252	252	252
Finance costs	477	589	600	1,011
Interest income	(523)	(758)	(776)	(694)
Net unrealised loss/(gain) on foreign exchange	244	(12)	290	(590)
Gain on disposal of property, plant and equipment	-	(26)	(12)	(267)
Gain on lease modification	-	-	-	(106)
Property, plant and equipment written off	20	59	*	3
Inventories written off	186	22	35	2,223
Impairment loss on trade receivables	-	-	544	-
Bad debts written off	-	157	15	21
Reversal of impairment loss on trade receivables	-	-	-	*
Operating profits before changes in working capital	24,234	28,500	41,254	66,319
Changes in working capital:				
(Increase)/Decrease in inventories	1,613	3,216	(19,072)	(12,385)
(Increase)/Decrease in contract assets	-	-	(62)	5
(Increase)/Decrease in trade and other receivables	6,260	(5,875)	(13,149)	(2,261)
Increase/(Decrease) in trade and other payables	(13,334)	3,488	14,451	17,637
Net cash generated from operations	18,773	29,329	23,422	69,315
Income tax paid	(5,429)	(5,625)	(6,985)	(17,832)
Income tax refunded	-	-	-	327
Interest received	379	398	398	608
Net cash generated from operating activities	13,723	24,102	16,835	52,418
Cash flows from investing activities				
Purchase of property, plant and equipment	(10,375)	(1,579)	(2,738)	(18,547)
Proceeds from disposal of property, plant and equipment	-	26	29	560
Change in pledged deposits	2,925	(4)	(4)	-
Net cash used in investing activities	(7,450)	(1,557)	(2,713)	(17,987)
Cash flows from financing activities				
Drawdown of term loans	3,708	-	-	11,000
Repayment of term loans	(817)	(1,537)	(2,725)	(2,410)
Net change in lease liabilities	(1,074)	(1,114)	(1,392)	(1,930)
Proceeds from issuance of shares	-	300	-	*
Net change in amount owing to/(by) related parties	5,694	(10,019)	1,756	8,627
Net change in amount owing to/(by) shareholders	-	2,541	1,221	(3,762)
Net change in amount owing to/(by) directors	526	(22)	(1,989)	1,989
Interest paid	(477)	(589)	(600)	(1,011)
Interest received	144	360	378	82
Dividends paid	(1,881)	(10,842)	(9,983)	(15,482)

12. FINANCIAL INFORMATION (CONT'D)

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Net cash (used in) / generated from financing activities	5,823	(20,922)	(13,334)	(2,897)
Net increase in cash and cash equivalents	12,096	1,623	788	31,534
Cash and cash equivalents at the beginning of the financial year	16,028	28,191	29,785	30,383
Effect of exchange rate changes on cash and bank balances	67	(29)	(190)	594
Cash and cash equivalents at the end of the financial years	28,191	29,785	30,383	62,511

Note:

* Less than RM1,000.

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis on our Group's financial conditions and results of operations for the FY Under Review should be read in conjunction with the historical combined financial statements and the accompanying notes, assumptions and bases as set out in the Accountants' Report included in **Section 13** of this Prospectus.

This discussion and analysis contain data derived from our historical combined financial statements as well as forward-looking statements reflecting our current views with respect to future events and our financial performance. Our actual results may differ significantly from those anticipated in the forward-looking statements as a result of a number of factors, including those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in **Section 9** of this Prospectus.

12.2.1 Overview

Our Group is an automotive covers manufacturer and automotive seats manufacturer. We are principally involved in the following business activities:

Business activities	Basis for revenue recognition
Manufacturing of automotive covers: - Automotive seat covers - Interior part covers	Revenue recognised upon control of the products has been transferred.
Manufacturing of automotive seats	Revenue recognised upon control of the products has been transferred.

Our manufacturing of automotive covers activity is mainly located at our Tampoi Plant, while our Kulim Plant 1 is focused on manufacturing of automotive seats. Our PJ Hub and Singapore Hub which serve customers in the REM and/or PDI market segments are located in Selangor, Malaysia and Singapore, respectively.

Our automotive covers are sold to customers in Malaysia as well as international markets such as Singapore, Australia, New Zealand, the United States and Netherlands, while our automotive seats are sold to the automotive vehicle OEMs in Malaysia.

For the FYE 2020 and 2021, our Group involved in the manufacturing of automotive covers only, save for the one-off sales from the trading of fabric industrial masks which contributed 3.7% to our total revenue in FYE 2020. Our manufacturing of automotive seats activity has only commenced since February 2022.

12. FINANCIAL INFORMATION (CONT'D)**12.2.2 Results of operations****(i) Revenue****Revenue by business activities**

The table below sets out the breakdown and analysis of our Group's revenue by business activities for the FY Under Review:

Revenue	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing of automotive covers:								
- Automotive seat covers ⁽¹⁾	59,657	75.2	63,657	74.7	81,437	64.2	95,762	45.3
- Interior part covers ⁽¹⁾	16,789	21.1	21,522	25.3	25,922	20.4	34,409	16.3
Subtotal	76,446	96.3	85,179	100.0	107,359	84.6	130,171	61.6
Manufacturing of automotive seats ⁽¹⁾	-	-	-	-	19,518	15.4	81,052	38.4
Others ⁽²⁾	2,922	3.7	-	-	-	-	-	-
Total	79,368	100.0	85,179	100.0	126,877	100.0	211,223	100.0

Notes:

- (1) The number of automotive seat covers and interior part covers as well as automotive seats sold during the FY Under Review are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Automotive covers:				
- Automotive seat covers (set)	62,798	73,000	85,592	84,967
- Interior part covers (piece)*	106,134	66,941	98,117	191,081
Automotive seats (set)	-	-	1,002	8,451

- * The quantities of interior part covers sold are for information purpose only. Interior part covers comprise different type of products including covers (which are sold without interior parts) and covers sold with interior parts. These covers are manufactured for various types of interior parts including door ornaments, steering wheels, gear knobs, handbrake handles and consoles. In view of this, the quantities sold may not be comparable from year to year as the types of products sold may not be identical in each year.

- (2) Being sales from one-off trading of fabric industrial face masks comprising 250,000 pieces of masks in FYE 2020.

The trading of fabric industrial face masks is a one-off transaction undertaken by our Group due to sales opportunity amid high demand for masks during the COVID-19 pandemic. As it is trading in nature, save for the cost of goods purchased, there was no investment incurred by our Group in undertaking the sales of fabric industrial face masks. Further, our Group did not continue with the trading of fabric industrial face masks upon the order for the fabric industrial face masks has been fulfilled.

12. FINANCIAL INFORMATION (CONT'D)

(a) Manufacturing of automotive covers

Automotive seat covers

Our automotive seat covers are sold to three main market segments, namely OEM, REM and PDI, of which the breakdown is as follows:

Revenue	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
OEM	47,905	80.3	51,883	81.5	69,128	84.9	80,951	84.5
REM	9,602	16.1	10,299	16.2	8,847	10.9	9,051	9.5
PDI	2,150	3.6	1,475	2.3	3,462	4.2	5,760	6.0
Total	59,657	100.0	63,657	100.0	81,437	100.0	95,762	100.0

The number of automotive seat covers sold to our customers in OEM, REM and PDI market segments are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	Set	Set	Set	Set
OEM	50,583	61,330	73,750	73,507
REM	9,037	9,220	7,691	6,133
PDI	3,178	2,450	4,151	5,327
Total	62,798	73,000	85,592	84,967

Interior part covers

Our interior part covers are sold to two main market segments, namely OEM and PDI, of which the breakdown is as follows:

Revenue	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
OEM	16,742	99.7	21,499	99.9	25,922	100.0	34,409	100.0
PDI	47	0.3	23	0.1	Neg	Neg	Neg	Neg
Total	16,789	100.00	21,522	100.00	25,922	100.0	34,409	100.0

Note:

Neg Negligible. Being less than RM1,000 or 0.1%, as the case may be.

The number of interior part covers sold to our customers in OEM and PDI market segments are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	Piece	Piece	Piece	Piece
OEM	105,826	66,784	98,114	191,078
PDI	308	157	3	3
Total	106,134	66,941	98,117	191,081

(b) Manufacturing of automotive seats

Our automotive seats division comprises only one market segment, namely OEM.

12. FINANCIAL INFORMATION (CONT'D)**Revenue by geographical regions /country**

Our customers in the OEM market segment are based in Malaysia only.

The table below sets out the breakdown and analysis of our Group's revenue generated by geographical regions which is determined based on the location of our customers, for the FY Under Review:

Revenue	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	69,458	87.5	77,084	90.5	120,309	94.8	204,923	97.0
Singapore	4,609	5.8	5,470	6.4	4,956	3.9	5,044	2.4
Australia	3,981 ⁽²⁾	5.0	1,117	1.3	908	0.7	914	0.4
New Zealand	888	1.1	1,043	1.2	421	0.4	179	0.1
Others ⁽¹⁾	432	0.6	465	0.6	283	0.2	163	0.1
Total	79,368	100.0	85,179	100.0	126,877	100.0	211,223	100.0

Notes:

- (1) Comprises the United States and/or Netherlands.
- (2) Including the sales of RM2.9 million from one-off trading of fabric industrial face masks.

Comparison between FYE 2020 and FYE 2021

Our Group's revenue increased by RM5.8 million or 7.3% from RM79.4 million in FYE 2020 to RM85.2 million in FYE 2021. The increase was mainly due to the following:

- (i) increase in the sales of our Group's interior part covers by RM4.7 million or 28.2% from RM16.8 million in FYE 2020 to RM21.5 million in FYE 2021, despite a lower volume of interior part covers sold from 106,134 pieces in FYE 2020 to 66,941 pieces in FYE 2021, translating to a reduction of 39,193 pieces. The increase in sales was mainly attributable to the higher sales of interior part covers sold with steering wheels and gear knobs, which have higher selling prices as compared to the other interior part covers sold without interior parts, as a result of higher order of these products from our customer in the OEM market segment, namely Mazda Malaysia for Mazda CX-5 and CX-8 car models; and
- (ii) increase in sales of our Group's automotive seat covers by RM4.0 million or 6.7% from RM59.7 million in FYE 2020 to RM63.7 million in FYE 2021 in tandem with higher volume of automotive seat covers sold in FYE 2021 of 10,202 sets from 62,798 sets in FYE 2020 to 73,000 sets in FYE 2021. Such increase was mainly contributed by higher sales from our OEM market segment which increased from RM47.9 million in FYE 2020 to RM51.9 million in FYE 2021. This was a result of higher demand for automotive seat covers from our customers in the OEM market segment, namely Mazda Malaysia for Mazda CX-5 car model and the Local OEM for several car models of the Local OEM in FYE 2021.

12. FINANCIAL INFORMATION (CONT'D)**Comparison between FYE 2021 and FYE 2022**

Our Group's revenue increased by RM41.7 million or 49.0% from RM85.2 million in FYE 2021 to RM126.9 million in FYE 2022. The increase was mainly due to the following:

- (i) the sales of automotive seats mainly for Kia Carnival and Kia Sorento car models, of RM19.5 million in FYE 2022. As the manufacturing of automotive seats only commenced since February 2022, there were no sales of automotive seats generated in FYE 2021;
- (ii) increase in the sales of our Group's automotive seat covers by RM17.8 million or 27.9% from RM63.6 million in FYE 2021 to RM81.4 million in FYE 2022. This was in tandem with higher volume of automotive seat covers sold in FYE 2022 which saw an increase of 12,592 sets from 73,000 sets in FYE 2021 to 85,592 sets in FYE 2022. Such increase was mainly contributed by higher sales from our OEM market segment which increased from RM51.9 million in FYE 2021 to RM69.1 million in FYE 2022. This was mainly attributable to higher demand for automotive seat covers from our customers in the OEM market segment, namely Mazda Malaysia for Mazda CX-5 and CX-8 car models and the Local OEM; and
- (iii) increase in the sales of our Group's interior part covers by RM4.4 million or 20.5% from RM21.5 million in FYE 2021 to RM25.9 million in FYE 2022 in tandem with higher volume of interior part covers sold in FYE 2022 which saw an increase of 31,176 pieces from 66,941 pieces in FYE 2021 to 98,117 pieces in FYE 2022. The increase was mainly attributable to the increase in sales of interior part covers sold with steering wheels to our customer in the OEM market segment, namely Mazda Malaysia for Mazda CX-5 and CX-8 car models.

Comparison between FYE 2022 and FYE 2023

Our Group's revenue increased by RM84.3 million or 66.5% from RM126.9 million in FYE 2022 to RM211.2 million in FYE 2023. The increase was mainly due to the following:

- (i) increase in the sales of our Group's automotive seats by RM61.5 million or 315.3% from RM19.5 million in FYE 2022 to RM81.1 million in FYE 2023 in tandem with higher volume of automotive seats sold in FYE 2023 which saw an increase of 7,449 sets from 1,002 sets in FYE 2022 to 8,451 sets in FYE 2023. The increase was mainly attributable to the commencement of mass production of automotive seats for Mazda CX-30 car model and increase in sales of automotive seats for Kia Carnival car model as a result of higher demand for automotive seats from Kia Malaysia in FYE 2023;
- (ii) increase in the sales of our Group's automotive seat covers by RM14.3 million or 17.6% from RM81.4 million in FYE 2022 to RM95.7 million in FYE 2023, despite the lower volume of automotive seat covers sold in FYE 2023 which saw a decrease of 625 sets from 85,592 sets in FYE 2022 to 84,967 sets in FYE 2023. The increase in sales was mainly attributable to the higher sales of automotive seat covers which have higher selling prices from certain customers of our Group in the OEM market segment; and
- (iii) increase in the sales of our Group's interior part covers by RM8.5 million or 32.7% from RM25.9 million in FYE 2022 to RM34.4 million in FYE 2023 in tandem with higher volume of interior part covers sold in FYE 2023 which saw an increase of 92,964 pieces from 98,117 pieces in FYE 2022 to 191,081 pieces in FYE 2023. However, the sales value did not increase by the same proportion as compared to the volume of interior part covers sold mainly due to higher sales of interior part covers sold without interior parts which have lower selling prices.

12. FINANCIAL INFORMATION (CONT'D)**(ii) Cost of Sales****Cost of sales by business activities**

The table below sets out the breakdown and analysis of our Group's cost of sales by business activities for the FY Under Review:

Cost of Sales	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing of automotive covers:								
- Automotive seat covers	37,134	73.8	34,845	68.6	41,837	54.3	51,185	39.2
- Interior part covers	11,921	23.7	15,963	31.4	19,022	24.7	25,444	19.5
Subtotal	49,055	97.5	50,808	100.0	60,859	79.0	76,629	58.7
Manufacturing of automotive seats	-	-	-	-	16,211	21.0	53,791	41.3
Others ⁽¹⁾	1,250	2.5	-	-	-	-	-	-
Total	50,305	100.0	50,808	100.0	77,070	100.0	130,420	100.0

Note:

(1) Comprises the purchase of fabric industrial face masks.

(a) Manufacturing of automotive covers**Automotive seat covers**

Cost of Sales	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Raw materials ⁽¹⁾	24,936	67.2	23,256	66.7	26,541	63.4	33,799	66.0
Labour cost	6,805	18.3	6,302	18.1	8,603	20.6	9,483	18.5
Production overhead	5,393	14.5	5,287	15.2	6,693	16.0	7,903	15.5
Total	37,134	100.0	34,845	100.0	41,837	100.0	51,185	100.0

Note:

(1) The raw materials comprise, among others, leather, synthetic leather, foam and parts, accessories and other supplies such as zippers, plastic strips and hooks.

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12. FINANCIAL INFORMATION (CONT'D)**Interior part covers**

Cost of Sales	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Raw materials ⁽¹⁾	11,509	96.6	15,619	97.9	18,566	97.6	24,658	96.9
Labour cost	231	1.9	195	1.2	258	1.4	432	1.7
Production overhead	181	1.5	149	0.9	198	1.0	354	1.4
Total	11,921	100.0	15,963	100.0	19,022	100.0	25,444	100.0

Note:

- (1) The raw materials comprise, among others, leather, synthetic leather, interior parts produced by third-party interior part manufacturers (such as steering wheel and gear knob) and plastic parts (i.e., door ornament).

(b) Manufacturing of automotive seats

Cost of Sales	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Raw materials ⁽¹⁾	-	-	-	-	12,477	77.0	46,978	87.3
Labour cost	-	-	-	-	1,024	6.3	1,811	3.4
Production overhead	-	-	-	-	2,710	16.7	5,002	9.3
Total	-	-	-	-	16,211	100.0	53,791	100.0

Note:

- (1) The raw materials comprise, among others, automotive seat covers, padding, seatbelt, buckles, electrical parts, frames and side airbags.

Comparison between FYE 2020 and FYE 2021

Our Group's cost of sales increased by RM0.5 million or 1.0% from RM50.3 million in FYE 2020 to RM50.8 million in FYE 2021. The increase was mainly due to the increase in cost of sales of our Group's interior part covers of RM4.1 million or 33.9% from RM11.9 million in FYE 2020 to RM16.0 million in FYE 2021, despite the volume of interior part covers sold in FYE 2021 having reduced by 39,193 pieces from 106,134 pieces in FYE 2020 to 66,941 pieces in FYE 2021. This was mainly attributable to the higher volume of interior part covers sold with steering wheels which has higher raw material cost as compared to the interior part covers sold without interior parts.

However, this increase in our Group's cost of sales was partially offset by lower cost of sales for automotive seat covers of RM2.3 million or 6.2%, i.e., RM37.1 million in FYE 2020 compared to RM34.8 million in FYE 2021. Notwithstanding the higher volume of automotive seat covers sold in FYE 2021, which saw an increase of 10,202 sets from 62,798 sets in FYE 2020 to 73,000 sets in FYE 2021, the cost of sales for automotive seat covers decreased in FYE 2021 mainly due to the decrease in raw materials cost. This was due to our Group being able to improve the efficiency of the cutting process with its new cutting machines commissioned in October 2020, which reduced wastage of raw materials.

12. FINANCIAL INFORMATION (CONT'D)**Comparison between FYE 2021 and FYE 2022**

Our Group's cost of sales increased by RM26.3 million or 51.7% from RM50.8 million in FYE 2021 to RM77.1 million in FYE 2022. The increase was mainly due to the following:

- (i) cost of sales for our Group's automotive seats division of RM16.2 million in FYE 2022, which was not incurred in FYE 2021;
- (ii) increase in cost of sales of automotive seat covers of RM7.0 million or 20.1% from RM34.8 million in FYE 2021 to RM41.8 million in FYE 2022. This was in line with the increase in volume of automotive seat covers sold in FYE 2022 of 12,592 sets from 73,000 sets in FYE 2021 to 85,592 sets in FYE 2022; and
- (iii) increase in cost of sales of our Group's interior part covers of RM3.0 million or 19.2% from RM16.0 million in FYE 2021 to RM19.0 million in FYE 2022. This was in tandem with the increase in volume of interior part covers sold in FYE 2022 of 31,176 pieces from 66,941 pieces in FYE 2021 to 98,117 pieces in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our Group's cost of sales increased by RM53.3 million or 69.2% from RM77.1 million in FYE 2022 to RM130.4 million in FYE 2023. The increase was mainly due to the following:

- (i) increase in cost of sales for our Group's automotive seats division of RM37.6 million or 231.8% from RM16.2 million in FYE 2022 to RM53.8 million in FYE 2023, which was in tandem with the increase in volume of automotive seats sold in FYE 2023 of 7,449 sets from 1,002 sets in FYE 2022 to 8,451 sets in FYE 2023. However, the proportion of the increase in volume of automotive seats sold (i.e., from 1,002 sets in FYE 2022 to 8,451 sets in FYE 2023, translating to an increase of 643.4%) was higher than the proportion of the increase in cost of sales for our automotive seats division (i.e., from RM16.2 million to RM53.8 million, translating to an increase of 231.8%) mainly due to higher volume of automotive seats sold with lower cost of raw materials in FYE 2023;
- (ii) increase in cost of sales of automotive seat covers of RM9.4 million or 22.3% from RM41.8 million in FYE 2022 to RM51.2 million in FYE 2023, despite the decrease in volume of automotive seat covers sold in FYE 2023 of 625 sets from 85,592 sets in FYE 2022 to 84,967 sets in FYE 2023. This was mainly attributable to the higher volume of automotive seat covers sold with higher cost of raw materials; and
- (iii) increase in cost of sales of our Group's interior part covers of RM6.4 million or 33.8% from RM19.0 million in FYE 2022 to RM25.4 million in FYE 2023. This was in tandem with the increase in volume of interior part covers sold in FYE 2023 of 92,964 pieces from 98,117 pieces in FYE 2022 to 191,081 pieces in FYE 2023.

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12. FINANCIAL INFORMATION (CONT'D)**(iii) GP and GP margin****GP and GP margin by business activities**

The table below sets out the breakdown and analysis of our Group's GP by business activities for the FY Under Review:

GP	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing of automotive covers:								
- Automotive seat covers	22,522	77.5	28,812	83.8	39,600	79.5	44,576	55.2
- Interior part covers	4,869	16.8	5,559	16.2	6,901	13.9	8,966	11.1
Subtotal	27,391	94.3	34,371	100.0	46,501	93.4	53,542	66.3
Manufacturing of automotive seats	-	-	-	-	3,306	6.6	27,261	33.7
Others	1,672	5.7	-	-	-	-	-	-
Total	29,063	100.0	34,371	100.0	49,807	100.0	80,803	100.0

The table below sets out the breakdown and analysis of our Group's GP margin by business activities for the FY Under Review:

GP margin	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	%	%	%	%
Manufacturing of automotive covers:				
- Automotive seat covers	37.8	45.3	48.6	46.6
- Interior part covers	29.0	25.8	26.6	26.1
Subtotal	35.8	40.4	43.3	41.1
Manufacturing of automotive seats	-	-	16.9	33.6
Others	57.2	-	-	-
GP margin	36.6	40.4	39.3	38.3

Comparison between FYE 2020 and FYE 2021

Our Group's GP increased by RM5.3 million or 18.3% from RM29.1 million in FYE 2020 to RM34.4 million in FYE 2021 mainly due to the improved GP for automotive seat covers on the back of an increase in revenue coupled with a decrease in cost of sales as detailed in **Sections 12.2.2(i)** and **12.2.2(ii)** of this Prospectus, respectively.

Our Group's GP margin also increased from 36.6% in FYE 2020 to 40.4% in FYE 2021 on the back of improved GP margin for our Group's automotive seat covers from 37.8% in FYE 2020 to 45.3% in FYE 2021 in light of the improvement in production efficiency which led to reduced wastage of raw materials for the automotive cover division, as detailed in **Section 12.2.2(ii)** of this Prospectus.

Comparison between FYE 2021 and FYE 2022

Our Group's GP increased by RM15.4 million or 44.9% from RM34.4 million in FYE 2021 to RM49.8 million in FYE 2022 mainly due to the increase in revenue generated from the sales of automotive covers in tandem with the increase in orders from the Local OEM and Mazda Malaysia as well as the expansion of new revenue stream via the incorporation of Feytech SB to manufacture automotive seats, as detailed in **Section 12.2.2(i)** of this Prospectus.

12. FINANCIAL INFORMATION (CONT'D)

The GP margin for sales of automotive covers improved from 45.3% to 48.6% partly due to better product mix with higher sales of products with higher prices which generated higher GP margin. However, our Group's GP margin decreased from 40.4% in FYE 2021 to 39.3% in FYE 2022 mainly due to the commencement of manufacturing of automotive seats in FYE 2022 which has a lower GP margin of 16.9% as compared to automotive covers division.

Comparison between FYE 2022 and FYE 2023

Our Group's GP increased by RM31.0 million or 62.2% from RM49.8 million in FYE 2022 to RM80.8 million in FYE 2023 mainly due to the improved GP for both our automotive seats and automotive covers divisions on the back of the increase in revenue generated from the sales of automotive seats and automotive covers as detailed in **Section 12.2.2(i)** of this Prospectus.

Our Group's GP margin decreased from 39.3% in FYE 2022 to 38.3% in FYE 2023 mainly due to the decrease in GP margin for the automotive seat covers as a result of the higher raw material cost as detailed in **Section 12.2.2(ii)** of this Prospectus.

(iv) Other income

The table below sets out the breakdown and analysis of our Group's other income for the FY Under Review:

Other income	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Rental income	752	30.1	793	27.2	865	29.9	872	26.3
Interest income ⁽¹⁾	523	20.9	758	26.0	776	26.8	694	20.9
Delivery, handling and packing charges ⁽²⁾	639	25.6	735	25.2	656	22.7	563	17.0
Wages subsidy ⁽³⁾	488	19.5	332	11.4	199	6.9	32	1.0
COVID-19 related rent concession income ⁽⁴⁾	-	-	123	4.2	141	4.9	-	-
Net realised gain on foreign exchange	-	-	-	-	70	2.4	-	-
Net unrealised gain on foreign exchange	-	-	13	0.5	-	-	590	17.8
Management income ⁽⁵⁾	38	1.5	42	1.4	42	1.4	-	-
Incentive ⁽⁶⁾	-	-	-	-	-	-	34	1.0
Gain on lease modification	-	-	-	-	-	-	106	3.2
Gain on disposal of property, plant and equipment	-	-	26	0.9	12	0.4	267	8.1
Miscellaneous income ⁽⁷⁾	60	2.4	94	3.2	132	4.6	155	4.7
Total	2,500	100.0	2,916	100.0	2,893	100.0	3,313	100.0

Notes:

- (1) Comprises bank interest, fixed deposit interest and interest on loans to related parties.
- (2) Comprises freight, handling and packing charges charged to overseas customers.

12. FINANCIAL INFORMATION (CONT'D)

- (3) Comprises, among others, wages subsidy received from SOCSO under the Wage Subsidy Programme from May 2020 to May 2022 and Inland Revenue Authority of Singapore (IRAS) in respect of wage credit scheme, a Singapore government credit scheme in connection with the wages of our employees in Singapore.
- (4) Comprises discounts/reductions on rental rates granted by the landlord of Kulim Plant 1 from July 2021 until March 2022.
- (5) Comprises income derived from services, such as finance function, information computer technology function and/or human resource function, provided to Eleven Docks, Go Auto, Bringgit Motors Sdn Bhd, Peerless Steel and GLSB.
- (6) Comprises incentive by Land Transport Authority (LTA) of Singapore in relation to the Commercial Vehicle Emissions Scheme.
- (7) Comprises, among others, scrap sales and cash rebate from bank.

Comparison between FYE 2020 and FYE 2021

Our Group's other income increased by RM0.4 million or 16.6% from RM2.5 million in FYE 2020 to RM2.9 million in FYE 2021. The increase was mainly due to the following:

- (i) increase in interest income by RM0.2 million or 44.9% from RM0.5 million in FYE 2020 to RM0.7 million in FYE 2021 as a result of the advance to a related party, namely Go Capital, of RM10.0 million in FYE 2021 which did not occur in FYE 2020;
- (ii) increase in delivery, handling and packing charges of RM0.1 million or 15.0% from RM0.6 million in FYE 2020 to RM0.7 million in FYE 2021 as a result of the emergency surcharge by an air freight service provider; and
- (iii) COVID-19 rent concession income of RM0.1 million in FYE 2021 arising from the rental of Kulim Plant 1 since July 2021. For avoidance of doubt, the rental of Kulim Plant 1 has only commenced since May 2021.

Comparison between FYE 2021 and FYE 2022

Our Group's other income remained relatively consistent at RM2.9 million for both FYEs 2021 and 2022.

Comparison between FYE 2022 and FYE 2023

Our Group's other income increased by RM0.4 million or 14.5% from RM2.9 million in FYE 2022 to RM3.3 million in FYE 2023. The increase was mainly due to the net unrealised gain on foreign exchange of RM0.6 million generated in FYE 2023 as a result of the appreciation of USD and SGD against RM of which were held in our bank balances in FYE 2023.

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12. FINANCIAL INFORMATION (CONT'D)**(v) Administrative expenses**

The table below provides the breakdown of our administrative expenses for the FY Under Review:

Administrative expenses	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff cost ⁽¹⁾	5,122	54.9	5,499	49.9	7,849	51.9	10,115	43.9
Selling and marketing expenses ⁽²⁾	1,121	12.0	1,094	9.9	1,656	11.0	1,973	8.6
Depreciation of right-of-use assets	390	4.2	655	5.9	-	-	34	0.1
Depreciation of property, plant and equipment	306	3.3	590	5.4	953	6.3	1,210	5.3
Depreciation of investment properties	252	2.7	252	2.3	252	1.7	252	1.1
Net unrealised loss on foreign exchange	244	2.6	1	Neg	290	1.9	-	-
Utilities expenses	211	2.3	196	1.8	247	1.6	232	1.0
Insurance	203	2.2	202	1.8	272	1.8	362	1.6
Upkeep expenses ⁽³⁾	201	2.2	188	1.7	478	3.2	376	1.6
Inventories written off	186	2.0	22	0.2	35	0.2	2,223	9.6
Professional fees	248	2.7	292	2.7	538	3.6	696	3.0
Listing expenses	-	-	-	-	-	-	3,046	13.2
Technical assistance fees ⁽⁴⁾	-	-	588	5.3	-	-	-	-
Bad debts written off	-	-	157	1.4	15	0.1	21	0.1
Impairment losses on trade receivables	-	-	-	-	544	3.6	-	-
Net realised loss on foreign exchange	115	1.2	32	0.3	325	2.2	473	2.1
COVID-19 related expenses ⁽⁵⁾	3	Neg	153	1.4	77	0.5	1	Neg
Security fee	69	0.7	178	1.6	155	1.0	158	0.7
Small value assets ⁽⁶⁾	21	0.2	47	0.4	217	1.4	114	0.5
Other expenses ⁽⁷⁾	639	6.8	881	8.0	1,206	8.0	1,757	7.6
Total	9,331	100.0	11,027	100.0	15,109	100.0	23,043	100.0

Notes:

Neg Negligible. Being less than 0.1%.

(1) Comprises, among others, salary and bonus, director remuneration, allowance, director fee, EPF contributions and SOCSO contributions.

(2) Comprises, among others, transport charges and travelling charges.

(3) Comprises, among others, upkeep of machinery and equipment, motor vehicles and hostel.

12. FINANCIAL INFORMATION (CONT'D)

- (4) Comprises the technical assistance fees for manufacturing of automotive seats. For avoidance of doubt, as our Group's manufacturing of automotive seats only commenced since February 2022, the technical assistance fees were classified under administrative expenses in FYE 2021 and cost of sales in FYE 2022 in view that there was no revenue generated for our automotive seats division in FYE 2021.
- (5) Comprises, among others, expenses for COVID-19 tests, purchase of COVID-19 test kits and medical fees for employees arising from COVID-19.
- (6) Comprises assets which the value of each is less than RM1,000 and were expensed off.
- (7) Comprises, among others, bank charges, cleaning expenses, courier charges, consumable items, general expenses, printing and stationery, recruitment cost, rubbish disposing charges, telephone and internet charges and training cost.

Comparison between FYE 2020 and FYE 2021

Our Group's administrative expenses increased by RM1.7 million or 18.2% from RM9.3 million in FYE 2020 to RM11.0 million in FYE 2021. The increase was mainly due to the following:

- (i) technical assistance fees of RM0.6 million in FYE 2021 for the manufacturing of automotive seats which was not incurred in FYE 2020;
- (ii) increase in staff cost of RM0.4 million or 7.4% from RM5.1 million in FYE 2020 to RM5.5 million in FYE 2021 mainly attributable to higher provision of bonus and allowance;
- (iii) increase in depreciation of property, plant and equipment of RM0.3 million or 92.8% from RM0.3 million in FYE 2020 to RM0.6 million in FYE 2021 in line with the addition of property, plant and equipment;
- (iv) increase in depreciation of right-of-use assets of RM0.3 million or 67.9% from RM0.4 million in FYE 2020 to RM0.7 million in FYE 2021 in tandem with the addition of right-of-use assets; and
- (v) bad debts written off of RM0.2 million in FYE 2021 which was not incurred in FYE 2020 as a result of long outstanding debts that had no reasonable expectation of recovery. The bad debts written off were not from our major customers and we have ceased to provide our products to these customers.

Comparison between FYE 2021 and FYE 2022

Our Group's administrative expenses increased by RM4.1 million or 37.0% from RM11.0 million in FYE 2021 to RM15.1 million in FYE 2022. The increase was mainly due to the following:

- (i) increase in staff cost of RM2.3 million or 42.7% from RM5.5 million in FYE 2021 to RM7.8 million in FYE 2022 as a result of the increase in salary and bonus as well as allowance in FYE 2022;
- (ii) increase in selling and marketing expenses of RM0.6 million from RM1.1 million in FYE 2021 to RM1.7 million in FYE 2022 as a result of increase in travelling charges;

12. FINANCIAL INFORMATION (CONT'D)

- (iii) impairment losses on trade receivables of RM0.5 million in FYE 2022, arising from our customers in the automotive covers division mainly due to the trade receivables being long outstanding beyond normal credit period granted by us to the customers, which are currently still pending negotiations with our customers on the settlement as at the LPD;
- (iv) increase in depreciation of property, plant and equipment of RM0.4 million from RM0.6 million in FYE 2021 to RM1.0 million in FYE 2022 as a result of addition of motor vehicles and office equipment in FYE 2022; and
- (v) increase in net realised loss on foreign exchange of RM0.3 million from RM0.03 million in FYE 2021 to RM0.3 million in FYE 2022 mainly due to weakening of RM against KRW in relation to the purchases of automotive seat parts from Daewon.

Comparison between FYE 2022 and FYE 2023

Our Group's administrative expenses increased by RM7.9 million or 52.5% from RM15.1 million in FYE 2022 to RM23.0 million in FYE 2023. The increase was mainly due to the following:

- (i) listing expenses of RM3.0 million in FYE 2023 comprising professional fees of the advisers for our Listing, fees paid to authorities and other miscellaneous fees and expenses in relation to our Listing;
- (ii) increase in staff cost of RM2.3 million or 28.9% from RM7.8 million in FYE 2022 to RM10.1 million in FYE 2023 as a result of increase in salary and bonus as well as Directors' remuneration which take into account, among others, the increased responsibilities of our Executive Directors (including our Chief Executive Officer) vis-à-vis the growth in our Group's business and financial performance;
- (iii) increase in inventories written off of RM2.2 million from RM0.04 million in FYE 2022 to RM2.2 million in FYE 2023 which mainly comprises raw materials with distinct specifications relating to automotive covers (such as, among others, leather, synthetic leather and fabric) for which our customer did not order according to the forecast orders and are not useable for other car models as well as finished goods which were no longer being saleable, i.e. damaged due to fungus and relating to car models which have been phased out, of which the breakdown is as follows:

	RM'000
Raw materials	1,554
Damaged finished goods	31
Phased out finished goods	638
Total	2,223

As at the LPD, we have claimed for and mutually agreed with our respective customer on the compensations in relation to the abovementioned inventories written off amounting to approximately RM1.2 million. We have yet to receive any compensations from our customers as at the LPD and, based on our follow-up calls and our continuing business relationship with the said customers, we expect the compensations to be received by 3rd quarter of 2024. For avoidance of doubt, there will not be any impact to our Group's financial performance in the event such compensations were not paid by our customers as these amounts have been written off in FYE 2023; and

- (iv) increase in selling and marketing expenses of RM0.3 million from RM1.7 million in FYE 2022 to RM2.0 million in FYE 2023 as a result of increase in transport charges and travelling charges.

12. FINANCIAL INFORMATION (CONT'D)**(vi) Finance costs**

The table below sets out the breakdown of our finance costs for the FY Under Review:

Finance cost	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expenses on term loans	362	75.9	350	59.4	369	61.5	714	70.6
Interest expenses on lease liabilities	115	24.1	239	40.6	231	38.5	297	29.4
Total	477	100.0	589	100.0	600	100.0	1,011	100.0

Comparison between FYE 2020 and FYE 2021

Our Group's finance costs increased by RM0.1 million or 23.5% from RM0.5 million in FYE 2020 to RM0.6 million in FYE 2021. The increase was mainly due to the increase in interest expenses on lease liabilities of RM0.1 million or 107.83% from RM0.1 million in FYE 2020 to RM0.2 million in FYE 2021, in tandem with the increase in lease liabilities for the right-of-use assets, namely our Kulim Plant 1 and land of Tampoi Plant.

Comparison between FYE 2021 and FYE 2022

Our Group's finance costs remained relatively constant at RM0.6 million for both FYEs 2021 and 2022.

Comparison between FYE 2022 and FYE 2023

Our Group's finance costs increased by RM0.4 million or 68.5% from RM0.6 million in FYE 2022 to RM1.0 million in FYE 2023. The increase was mainly due to the following:

- (i) increase in interest expenses on term loan of RM0.3 million or 93.5% from RM0.4 million in FYE 2022 to RM0.7 million in FYE 2023, in tandem with the increase in term loans which are mainly for the acquisition of land for Kulim Plant 2; and
- (ii) increase in interest expenses on lease liabilities of RM0.1 million or 28.6% from RM0.2 million in FYE 2022 to RM0.3 million in FYE 2023, in tandem with the increase in lease liabilities for the right-of-use assets, namely the land of Tampoi Plant.

(vii) PBT, PAT and effective tax rate

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
PBT (RM'000)	21,755	25,671	36,991	60,062
PBT margin (%)	27.4	30.1	29.2	28.4
Income tax expense (RM'000)	3,627	6,622	9,398	16,186
Effective tax rate (%)	16.7	25.8	25.4	26.9
Statutory tax rate (%)	24.0	24.0	24.0	24.0
PAT (RM'000)	18,128	19,049	27,593	43,876
PAT margin (%)	22.8	22.4	21.7	20.8

12. FINANCIAL INFORMATION (CONT'D)**Comparison between FYE 2020 and FYE 2021**

Our Group's PBT increased by RM3.9 million or 18.0% from RM21.8 million in FYE 2020 to RM25.7 million in FYE 2021, which was mainly due to the increase in our GP for the FYE 2021 as detailed in **Section 12.2.2(iii)** of this Prospectus.

Our Group's PBT margin increased from 27.4% in FYE 2020 to 30.1% in FYE 2021 mainly attributable to the increase in our GP margin from 36.6% in FYE 2020 to 40.4% in FYE 2021 as detailed in **Section 12.2.2(iii)** of this Prospectus and the increase in the other income of RM0.4 million in FYE 2021, as detailed in **Section 12.2.2(iv)** of this Prospectus.

For the FYE 2020, our Group has incurred income tax expense of RM3.6 million with an effective tax rate of 16.7% which was lower than the statutory tax rate of 24.0%. This was mainly due to the tax incentive of RM1.5 million in relation to the reinvestment allowance for the construction of our Tampoi Plant and purchase of machinery in FYE 2020.

For the FYE 2021, our Group has incurred income tax expense of RM6.6 million with an effective tax rate of 25.8% which was higher than the statutory tax rate of 24.0%. This was mainly due to the adjustments in respect of deferred tax of prior years of RM0.5 million and the non-deductible expenses of RM0.5 million incurred by Feytech SB in FYE 2021, which had only commenced its manufacturing of automotive seats activity since February 2022.

In view of the foregoing, our Group's PAT increased by RM0.9 million or 5.1% from RM18.1 million in FYE 2020 to RM19.0 million in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our Group's PBT increased by RM11.3 million or 44.1% from RM25.7 million in FYE 2021 to RM37.0 million in FYE 2022, which was mainly due to the increase in our GP for the FYE 2022 as detailed in **Section 12.2.2(iii)** of this Prospectus.

Our Group's PBT margin decreased from 30.1% in FYE 2021 to 29.2% in FYE 2022 mainly attributable to the following:

- (i) increase in administrative expenses of RM4.1 million in FYE 2022 as detailed in **Section 12.2.2(v)** of this Prospectus; and
- (ii) decrease in GP margin from 40.4% in FYE 2021 to 39.3% in FYE 2022 as detailed in **Section 12.2.2(iii)** of this Prospectus.

For the FYE 2022, our Group has incurred income tax expense of RM9.4 million with an effective tax rate of 25.4% which was higher than the statutory tax rate of 24.0%. This was mainly due to the following:

- (i) non-deductible expenses of RM0.5 million, arising from the increase in depreciation of property, plant and equipment of Feytech SB and net unrealised loss on foreign exchange; and
- (ii) deferred tax not recognised on tax losses and temporary differences of RM0.1 million.

In view of the foregoing, our Group's PAT increased by RM8.6 million or 44.9% from RM19.0 million in FYE 2021 to RM27.6 million in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our Group's PBT increased by RM23.1 million or 62.4% from RM37.0 million in FYE 2022 to RM60.1 million in FYE 2023, which was mainly due to the increase in our GP for the FYE 2023 as detailed in **Section 12.2.2(iii)** of this Prospectus.

12. FINANCIAL INFORMATION (CONT'D)

Our Group's PBT margin decreased from 29.2% in FYE 2022 to 28.4% in FYE 2023 mainly attributable to the following:

- (i) increase in administrative expenses of RM7.9 million in FYE 2023 as detailed in **Section 12.2.2(v)** of this Prospectus; and
- (ii) decrease in GP margin from 39.3% in FYE 2022 to 38.3% in FYE 2023 as detailed in **Section 12.2.2(iii)** of this Prospectus.

For the FYE 2023, our Group has incurred income tax expense of RM16.2 million with an effective tax rate of 26.9% which was higher than the statutory tax rate of 24.0%. This was mainly due to increase in non-deductible expenses such as listing expenses and depreciation charges in respect of property, plant and equipment, right-of-use assets and investment properties.

In view of the foregoing, our Group's PAT increased by RM16.3 million or 59.0% from RM27.6 million in FYE 2022 to RM43.9 million in FYE 2023.

12.3 SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations have been and will continue to be affected by various key factors primarily relating to the industry in which we operate. These factors include but are not limited to the following:

(a) Dependent on contracts and agreements secured with automotive vehicle OEMs

As at the LPD, our Group's business or profitability is materially dependent on the contracts as set out in **Section 7.19** of this Prospectus. Our Group is dependent on automotive vehicle OEMs whom have appointed our Group for the supply of automotive covers (either supply to the appointed Tier 1 automotive seat and/or interior part manufacturers or directly to the automotive vehicle OEMs) and automotive seats (directly to the automotive vehicle OEMs), namely the Local OEM, Mazda Malaysia and Kia Malaysia.

The Local OEM, Mazda Malaysia and Kia Malaysia collectively contributed approximately 81.2%, 85.7%, 90.2% and 93.0% to our Group's total revenue for the past 4 FYEs 2020, 2021, 2022 and 2023, respectively.

The termination or loss of any of our abovementioned contracts with the automotive vehicle OEMs will have material adverse impact to our business, financial condition, results of operations and prospects.

Further details of the risk relating to our dependency on contracts and agreements secured with automotive vehicle OEMs are set out in **Section 9.1.1** of this Prospectus.

(b) Dependent on our major customers and/or automotive vehicle OEMs that have appointed these major customers

Our Group's major customers, namely APM companies, Mazda Malaysia, Kia Malaysia and Adient companies, collectively contributed 78.8%, 84.9%, 89.4% and 94.1% to the Group's revenue in FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively.

In respect of Tier 1 automotive seat and/or interior part manufacturers, our Group is dependent on them to the extent of the purchase orders received from them. As an automotive cover and automotive seat manufacturer, our business is tied to that of the automotive vehicle OEMs' business and the automotive industry. As such, our Group's business would ultimately be impacted should these automotive vehicle OEMs' manufacturing facilities be disrupted or business face any loss in market share, financial difficulty and/or if an economic downturn affects the demand for their products.

12. FINANCIAL INFORMATION (CONT'D)

Any loss of our major customers, as well as automotive vehicle OEMs that have appointed the Tier 1 automotive seat and/or interior part manufacturers who are our Group's major customers, could materially and adversely impact our Group's business, financial condition, results of operations and prospects.

Further details of the risk relating to our dependency on our major customers and/or automotive vehicle OEMs that have appointed these major customers are set out in **Section 9.1.2** of this Prospectus.

(c) Sudden disruptions caused by outbreak of pandemics such as COVID-19 virus

We have faced disruptions during the MCOs and circuit breaker that was implemented in 2020 and 2021 to curb the spreading of the COVID-19 pandemic as detailed in **Section 7.15** of this Prospectus.

Any future pandemic outbreaks such as the COVID-19 virus, as well as epidemic outbreaks affecting a significantly large but more localised population, may result in similar interruptions to our Group's business and operations, hence, a material adverse impact on our financial performance.

(d) Impact of fluctuations in prices for leather and synthetic leather automotive cover materials

Automotive cover materials are the major cost component in the manufacturing of automotive covers and leather and synthetic leather automotive cover materials are the main types of automotive cover materials used. For the FY Under Review, leather and synthetic leather automotive cover materials constituted between 20.8% and 34.1% of our total purchases.

Fluctuations in leather and synthetic leather automotive cover materials could impact our profit margins and/or selling prices of our automotive covers. Should there be significant and prolonged price fluctuations in leather and synthetic leather automotive cover materials, this could adversely impact our profit margins which would consequently impact our financial performance. If we are unable to pass on any increased cost to our customers in a timely manner, our Group's business and financial performance will be adversely affected.

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12. FINANCIAL INFORMATION (CONT'D)

12.4 LIQUIDITY AND CAPITAL RESOURCES

12.4.1 Working capital

Our business had been financed from a combination of internal and external sources comprising shareholders' equity and cash generated from our operations while external sources are banking facilities from financial institutions. The principal utilisation of these funds has been for our business operations and growth.

Based on our statement of financial position as at 31 December 2023, our Group has cash and cash equivalents of RM62.5 million and total borrowings (excluding lease liabilities of the right-of-use assets) of RM18.9 million. As at 31 December 2023, our Group's gearing ratio was 0.1 time and current ratio was 3.2 times.

As at the LPD, our Group has banking facilities available (excluding term loans and hire purchase) amounting to RM1.0 million, of which approximately RM0.9 million has yet to be utilised.

Our Directors are of the opinion that we will have adequate working capital to meet our present and foreseeable requirements for a period of at least 12 months from the date of this Prospectus after taking into consideration the following:

- (i) our cash and cash equivalents;
- (ii) the expected profits and cash flows to be generated from our business operations;
- (iii) the unutilised credit limit available under our existing banking facilities;
- (iv) the cost of acquisition of the land for Tanjong Malim Plant as detailed in **Section 7.27.1** of this Prospectus; and
- (v) proceeds expected to be raised from the Public Issue.

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12. FINANCIAL INFORMATION (CONT'D)**12.4.2 Cash flows**

The summary of our Group's cash flow based on our Group's historical combined statements of cash flows for the FY Under Review is as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	13,723	24,102	16,835	52,418
Net cash used in investing activities	(7,450)	(1,557)	(2,713)	(17,987)
Net cash from / (used in) financing activities	5,823	(20,922)	(13,334)	(2,897)
Net increase in cash and cash equivalents	12,096	1,623	788	31,534
Cash and cash equivalents at the beginning of the financial year	16,028	28,191	29,785	30,383
Effect of exchange rate changes on cash and bank balances	67	(29)	(190)	594
Cash and cash equivalents at the end of the financial years	28,191	29,785	30,383	62,511

Details of the cash and cash equivalents are as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Short-term deposits	220	224	228	232
Less: Pledged deposits	(220)	(224)	(228)	(232)
	-	-	-	-
Cash and bank balances	28,191	29,785	30,383	62,511
Cash and cash equivalents at the end of the financial years	28,191	29,785	30,383	62,511

Most of our cash and cash equivalents are held in RM, USD, AUD, JPY, NZD, RMB and SGD.

(a) Net cash from operating activities**FYE 2020**

For the FYE 2020, our Group recorded net cash generated from operating activities of RM13.7 million. Our collections of RM84.6 million was partially offset by our payments of RM70.9 million. Such payments were mainly for:

- (i) payments to trade and non-trade suppliers of RM48.9 million;
- (ii) staff costs and directors' remuneration of RM14.3 million;
- (iii) income tax paid of RM5.4 million; and
- (iv) payment for other expenses of RM2.3 million.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2021**

For the FYE 2021, our Group recorded net cash generated from operating activities of RM24.1 million. Our collections of RM81.0 million was partially offset by our payments of RM56.9 million. Such payments were mainly for:

- (i) payments to trade and non-trade suppliers of RM33.9 million;
- (ii) staff costs and directors' remuneration of RM12.6 million;
- (iii) income tax paid of RM5.6 million; and
- (iv) payment for other expenses of RM4.8 million.

FYE 2022

For the FYE 2022, our Group recorded net cash generated from operating activities of RM16.8 million. Our collections of RM119.7 million was partially offset by our payments of RM102.9 million. Such payments were mainly for:

- (i) payments to trade and non-trade suppliers of RM68.9 million;
- (ii) staff costs and directors' remuneration of RM18.6 million;
- (iii) income tax paid of RM7.0 million; and
- (iv) payment for other expenses of RM8.4 million.

FYE 2023

For the FYE 2023, our Group recorded net cash generated from operating activities of RM52.4 million. Our collections of RM211.2 million was partially offset by our payments of RM158.7 million. Such payments were mainly for:

- (i) payments to trade and non-trade suppliers of RM109.2 million;
- (ii) staff costs and directors' remuneration of RM24.0 million;
- (iii) income tax paid of RM17.5 million; and
- (iv) payment for other expenses of RM8.0 million.

(b) Net cash used in investing activities**FYE 2020**

For the FYE 2020, our Group recorded net cash used in investing activities of RM7.5 million. Our Group's cash outflows in investing activities for the FYE 2020 are mainly as follows:

- (i) construction of our Tampoi Plant of RM6.5 million;
- (ii) purchase of machinery and equipment of RM1.8 million which consist of, among others, leather cutting machine, leveller and racking system;
- (iii) renovation of Tampoi Plant, PJ Hub and staff hostel of RM0.9 million;
- (iv) purchase of electrical equipment and electrical installation of RM0.7 million;
- (v) purchase of motor vehicle of RM0.3 million; and

12. FINANCIAL INFORMATION (CONT'D)

- (vi) purchases of air-conditioner, computer and software, office equipment and signboard of RM0.1 million.

Our Group's cash outflows in investing activities as detailed above was partially offset by the withdrawal of fixed deposit of RM2.9 million in the FYE 2020.

FYE 2021

For the FYE 2021, our Group recorded net cash used in investing activities of RM1.6 million. Our Group's cash outflows in investing activities for the FYE 2021 are mainly as follows:

- (i) purchase of machinery and equipment of RM1.0 million which consist of, among others, conveyor line, lockstitch machine and testing equipment for QA function;
- (ii) purchase of motor vehicle of RM0.1 million;
- (iii) electrical installation for our Kulim Plant 1 and Tampoi Plant of RM0.1 million;
- (iv) renovation of Kulim Plant 1 and PJ Hub of RM0.2 million; and
- (v) purchase of furniture and fittings and computer, software and accessories of RM0.1 million.

Our Group's cash outflows in investing activities as detailed above was marginally offset by proceeds from the disposal of machinery and equipment of RM0.03 million in the FYE 2021, which consist of, among others, truck and forklift.

FYE 2022

For the FYE 2022, our Group recorded net cash used in investing activities of RM2.7 million. Our Group's cash outflows in investing activities for the FYE 2022 are mainly as follows:

- (i) purchase of machinery and equipment of RM1.4 million, which consist of, among others, conveyor lines and testing equipment for QA/QC function;
- (ii) purchase of motor vehicles of RM0.6 million;
- (iii) purchase of office equipment of RM0.4 million;
- (iv) purchase of electrical equipment of RM0.1 million;
- (v) renovation of Tampoi Plant and Kulim Plant 1 of RM0.1 million; and
- (vi) purchase of computer and software of RM0.1 million.

Our Group's cash outflows in investing activities as detailed above was marginally offset by proceeds from disposal of motor vehicle of RM0.02 million in the FYE 2022.

FYE 2023

For the FYE 2023, our Group recorded net cash used in investing activities of RM18.0 million. Our Group's cash outflows in investing activities for the FYE 2023 are mainly as follows:

- (i) purchase of the land for Kulim Plant 2 of RM13.8 million;
- (ii) purchase of machinery and equipment of RM2.3 million, which consist of, among others, automated cutting machine and mold punching machine;

12. FINANCIAL INFORMATION (CONT'D)

- (iii) purchase of right-of-use assets of RM1.9 million, which consist of, among others, tooling and machinery equipment;
- (iv) purchase of motor vehicles of RM0.3 million;
- (v) purchase of furniture and fittings of RM0.1 million;
- (vi) purchase of computer and software of RM0.1 million; and
- (vii) purchase of office equipment of RM0.1 million.

Our Group's cash outflows in investing activities as detailed above was marginally offset by proceeds from disposal of motor vehicles of RM0.6 million in the FYE 2023.

(c) Net cash (used in)/ from financing activities**FYE 2020**

For the FYE 2020, our Group recorded net cash generated from financing activities of RM5.8 million. Our Group's cash inflows from financing activities for the FYE 2020 are mainly as follows:

- (i) collection of amounts owing from Eleven Docks of RM5.0 million and Peerless Steel Sdn Bhd of RM1.1 million; and
- (ii) proceeds received from the drawdown of term loans of RM3.7 million mainly for the working capital of Gosford Singapore.

Our Group's cash inflows from financing activities as detailed above was partially offset by payment of dividend declared by Trimex Malaysia of RM1.9 million in the FYE 2020 and payment of lease liabilities of RM1.1 million as well as repayment of term loans of RM0.8 million.

FYE 2021

For the FYE 2021, our Group recorded net cash used in financing activities of RM20.9 million. Our Group's cash outflows in financing activities for the FYE 2021 are mainly as follows:

- (i) payment of dividend declared by Gosford Malaysia for the FYEs 2020 and 2021 of RM10.8 million;
- (ii) advance made to a related party, namely Go Capital, of RM10.0 million;
- (iii) repayment of term loans of RM1.5 million; and
- (iv) payment of lease liabilities of RM1.1 million.

Our Group's cash outflows in financing activities as detailed above was partially offset by the advances from a shareholder, namely Tan Sun Sun, of RM2.5 million for the working capital of Feytech SB.

FYE 2022

For the FYE 2022, our Group recorded net cash used in financing activities of RM13.3 million. Our Group's cash outflows in financing activities for the FYE 2022 are mainly as follows:

- (i) payment of dividend declared by Gosford Malaysia for the FYE 2020 to FYE 2022 of RM10.0 million;

12. FINANCIAL INFORMATION (CONT'D)

- (ii) repayment of term loans of RM2.7 million;
- (iii) advances made to related parties, namely Go Capital and Peerless Steel, of RM2.0 million and RM0.2 million respectively;
- (iv) advances made to a director, namely Go Yoong Chang, of RM2.0 million; and
- (v) payment of lease liabilities of RM1.4 million.

Our Group's cash outflows in financing activities as detailed above was partially offset by collection of amounts owing by a related party, namely Go Capital, and a shareholder, namely Tan Sun Sun, of RM4.3 million and RM1.2 million respectively.

FYE 2023

For the FYE 2023, our Group recorded net cash used in financing activities of RM2.9 million. Our Group's cash outflows in financing activities for the FYE 2023 are mainly as follows:

- (i) payment of dividend declared by Gosford Malaysia for the FYE 2022 of RM14.0 million and Trimex Malaysia for the FYE 2023 of RM1.5 million;
- (ii) repayment of advances from a shareholder, namely Tan Sun Sun, of RM3.8 million, whereupon the advances from the said shareholder was fully repaid;
- (iii) repayment of term loans of RM2.4 million;
- (iv) payment of lease liabilities of RM1.9 million; and
- (v) payment of interest of RM1.0 million.

Our Group's cash outflows in financing activities as detailed above was partially offset by the following cash inflows:

- (i) drawdown of term loans of RM11.0 million for the acquisition of land for Kulim Plant 2;
- (ii) repayment of advances made to related parties, among others, Go Capital and Peerless Steel, of RM8.6 million; and
- (iii) repayment of advances made to a Director, namely Go Yoong Chang, of RM2.0 million.

12.4.3 Lease liabilities and bank borrowings

As at 31 December 2023, our Group's total outstanding bank borrowings was RM18.9 million, all of which were interest-bearing. The details of our bank borrowings are set out below:

		As at 31 December 2023		
		Payable within 12 months	Payable after 12 months	Total
Notes		RM'000	RM'000	RM'000
Lease liabilities	(1)	328	450	778
Term loans	(2)	1,529	16,588	18,117
Total		1,857	17,038	18,895

Gearing ratio (times)⁽³⁾ **0.1**

Currency profile of borrowings:

- RM 18,895

12. FINANCIAL INFORMATION (CONT'D)**Notes:**

- (1) Lease liabilities (excluding lease liabilities for right-of-use assets) were mainly for our hire purchase of motor vehicles.
- (2) Term loans were mainly for the acquisition of the land for Kulim Plant 2, construction of our Tampoi Plant and acquisitions of our investment properties, i.e., 1 unit of 1-storey factory building attached with a 3-storey showroom and warehouse located in Tebrau, Johor as well as 1 unit of 2-storey shop office located in Batu Pahat, Johor, both acquired by Trimex Malaysia in March 2016 and March 2015 respectively. As at the LPD, the abovementioned investment properties are rented out to collect rental income.

The abovementioned investment properties are not included as material properties owned by our Group in **Section 7.21.1** of this Prospectus as the properties are not material to our Group in view that the properties are not used for our business operations, and as at 31 December 2023, the rental income derived from the rental of such properties is approximately 2.0% of our Group's PAT in FYE 2023.

- (3) Calculated based on our total lease liabilities (excluding lease liabilities for the right-of-use assets) and bank borrowings divided by our total equity as at 31 December 2023.

The details of the types of credit facilities that our Group uses and its unutilised balances as at the LPD are as follows:

Types of credit facilities	Tenure (years)	Interest rate / Profit rate % per annum	Credit limit	Balance unutilised as at the LPD
			RM'000	RM'000
Term loans				
- Term loan A	10	i-COF ⁽¹⁾ +1.00%	4,000	-
- Term loan B	15	i-COF ⁽¹⁾ +1.10%	11,000	-
- Term loan C	17	2.20%	7,480	-
- Term loan D	10	i-COF ⁽¹⁾ +1.00%	870	734
Hire purchase	3	4.29% - 4.67%	1,011	-
Trade financing facility	Nil	Nil	1,000	879
Total			25,361	1,613

Note:

- (1) Being Islamic Cost of Fund.

The above facilities are all secured by legal charges, joint and several guarantees of our Directors, corporate guarantee of Gosford Malaysia and/or fixed deposits pledged for banking facilities.

The personal guarantees provided by our Directors, namely Go Yoong Chang and Tan Sun Sun, had been discharged and replaced with the corporate guarantee by our Company on 16 April 2024.

As at the LPD, all of our Group's borrowings were interest bearing borrowings. Our Group has not defaulted on any payment of either principal sums and/or interest in relation to the borrowings for the FY Under Review and up to the LPD.

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 operations or investment holders of our securities.

12. FINANCIAL INFORMATION (CONT'D)

As at 31 December 2023, our Group's floating and fixed rate borrowings and lease liabilities are set out below:

	RM'000
Floating rate borrowings	18,117
Fixed rate borrowings and lease liabilities ⁽¹⁾	778
Total borrowings and lease liabilities	18,895

Note:

(1) Excluding lease liabilities for the right-of-use assets.

The maturity profile of our borrowings and lease liabilities as at 31 December 2023 is set out below:

	Term loans	Lease liabilities ⁽¹⁾	Total
	RM'000	RM'000	RM'000
Within 1 year	1,508	328	1,836
More than 1 year but not more than 2 years	1,560	291	1,851
More than 2 years but not more than 5 years	4,802	159	4,961
More than 5 years	10,247 ⁽²⁾	-	10,247
Total	18,117	778	18,895

Notes:

- (1) Excluding lease liabilities for the right-of-use assets.
- (2) Were mainly used for the acquisition of land for Kulim Plant 2, construction of our Tampoi Plant and acquisitions of our investment properties, i.e., 1 unit of 1-storey factory building and 3-storey showroom and warehouse located in Tebrau, Johor and 1 unit of 2-storey shop office located in Batu Pahat, Johor, both acquired by Trimex Malaysia in March 2016 and March 2015 respectively.

12.4.4 Types of financial instruments used, treasury policies and objectives

The financial instruments of our Group which are used in the ordinary course of business of our Group, from an accounting perspective, may include financial assets such as fixed deposits with licensed banks, cash and bank balances, trade and other receivables excluding prepayment and financial liabilities such as trade and other payables, lease liabilities and bank borrowings.

Our treasury objective is to maintain sufficient working capital to finance our operations and meet our anticipated commitments arising from operational expenditure and financial liabilities, if any, by maintaining adequate liquidity and credit facilities. We manage our liquidity to ensure access to sufficient funding at acceptable costs to meet our business needs and financial obligations.

Our liquidity and funding objectives are designed to meet our funding requirements, which include primarily payment for services, purchase of raw materials and consumables, wages and salaries, interest and principal payments on outstanding bank borrowings and general obligations such as administrative expenses.

We have historically relied on cash generated from our operating activities, credit extended by our vendors, lease payables and term loans. Our funding objective is to obtain the most suitable types of financing and favourable cost of funding as our financing needs arise. Bank borrowings are negotiated with a view to secure the best possible terms and rates of interest.

Our Group has exposure to foreign currency risk through revenue generated from international customers. Our Group's exposure to foreign currency risk makes up a small percentage of our total revenue as it only represented 12.5%, 9.5%, 5.2% and 3.0% of our total revenue for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. Our Group did not enter into any forward currency

12. FINANCIAL INFORMATION (CONT'D)

contract or hedging transaction to manage exposures to currency risk for receivables and payables which are denominated in currencies other than the functional currency of our Group.

As at the LPD, save for the lease liabilities and bank borrowings as disclosed above, our Group does not use any other financial instruments.

12.4.5 Material capital commitment

As at the LPD, our Group has no material commitments (including commitments to be incurred) for capital expenditure.

12.4.6 Material litigation, claims or arbitration and contingent liabilities**(i) Material litigation, claims or arbitration**

As at the LPD, our Group is not engaged in any material litigation, claim and/or arbitration, whether as plaintiff or defendant, which might and adversely affect our business or financial position, and our Directors confirm that there are no legal proceedings, pending or threatened, or of any fact to give rise to any legal proceeding which may materially and adversely affect on our business or financial position, in the 12 months immediately preceding the date of this Prospectus.

(ii) Contingent liabilities

As at the LPD, our Directors confirm that there are no material contingent liabilities incurred by our Group, which upon becoming enforceable, may have a material effect on our Group's business, financial results or position.

12.4.7 Key Financial Ratios

The following table sets out certain key financial ratios of our Group based on the combined financial statements of our Group for the FY Under Review:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Average trade receivables turnover period (days) ⁽¹⁾	108	100	84	63
Average trade payables turnover period (days) ⁽²⁾	111	60	41	46
Average inventory turnover period (days) ⁽³⁾	146	126	120	112
Current ratio (times) ⁽⁴⁾	3.6	3.3	2.4	3.2
Gearing ratio (times) ⁽⁵⁾	0.2	0.2	0.1	0.1

Notes:

- (1) Computed based on average trade receivables over the total revenue of the respective financial year multiplied by 365 days.

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Opening trade receivables (RM'000)	25,874	20,978	25,580	33,107
Closing trade receivables (RM'000)	20,978	25,580	33,107	39,447
Revenue (RM'000)	79,368	85,179	126,877	211,223
Average trade receivables turnover period (days)	108	100	84	63

- (2) Computed based on average trade payables over the total purchases of the respective financial year multiplied by 365 days.

12. FINANCIAL INFORMATION (CONT'D)

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Opening trade payables (RM'000)	16,986	5,074	6,972	10,936
Closing trade payables (RM'000)	5,074	6,972	10,936	19,747
Purchases (RM'000)	36,260	36,531	79,272	120,546
Average trade payables turnover period (days)	111	60	41	46

- (3) Computed based on average inventory over the total cost of sales of the respective financial year multiplied by 365 days.

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Opening inventory (RM'000)	21,041	19,121	15,883	34,920
Closing inventory (RM'000)	19,121	15,883	34,920	45,082
Cost of sales (RM'000)	50,305	50,808	77,070	130,420
Average inventory turnover period (days)	146	126	120	112

- (4) Computed based on current assets over current liabilities as at the respective financial year end.
- (5) Computed based on the total borrowings and lease liabilities (excluding lease liabilities for the right-of-use assets) over total equity as at the respective financial year end.

12.4.8 Trade receivables

All our Group's trade receivables are classified as current assets. The normal credit terms granted by our Group ranges from 30 to 90 days from the date of invoice. Our Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Our credit terms to customers are assessed and approved on a case-by-case basis taking into consideration various factors such as relationship with the customers, payment history, customer's creditworthiness, quantum of amount owing to us, and any reasons behind the customers' failure to pay within the normal credit period (if applicable).

We use ageing analysis to monitor the credit quality of our trade receivables. In addition, our management assesses our trade receivables individually as to their aging condition and collectability. Among the factors considered in determining whether to provide for impairment losses include, significant financial difficulty of the issuer or the borrower and a breach of contract, such as a default of past due event. Our management will also take necessary actions which include entering into negotiations/ settlement arrangements with the relevant parties to recover the amounts outstanding.

FYE 2020

Our Group's average trade receivables turnover for FYE 2020 of 108 days, exceeded our normal credit terms mainly due to slower collection from Mazda Malaysia and Adient group of companies as a result of business disruption during MCO.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2021**

Notwithstanding the improvement from 108 days for FYE 2020, our Group's average trade receivables turnover for FYE 2021 of 100 days, exceeded our normal credit terms mainly due to higher sales in the fourth quarter of FYE 2021 as a result of backlog of product orders but pending delivery during the FMCO from June to August 2021. Hence, such orders could only be delivered and recorded as sales in the fourth quarter of FYE 2021 which then resulted in high trade receivables as at 31 December 2021.

FYE 2022

Our Group's average trade receivables turnover further improved from 100 days for FYE 2021 to 84 days for FYE 2022 despite the increase in trade receivables as at the end of FYE 2022 as most of our customers paid within the normal credit period granted to them (i.e. within 30 to 90 days from the date of invoice⁽¹⁾) in FYE 2022. The average trade receivables turnover period of 84 days for FYE 2022 falls within our normal credit terms granted to our customers.

FYE 2023

Our Group's average trade receivables turnover further improved from 84 days for FYE 2022 to 63 days for FYE 2023 despite the increase in trade receivables as at the end of FYE 2023 as most of our customers paid within the normal credit period granted to them (i.e. within 30 to 90 days from the date of invoice⁽¹⁾) in FYE 2023.

Note:

- (1) The credit terms granted by our Group to our customers from different market segments are as follows:

<u>Market segments</u>	<u>Credit terms (days)</u>
OEM	30 to 90
REM	Cash term or 30 to 90
PDI	60 to 90

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12. FINANCIAL INFORMATION (CONT'D)

Our Group's trade receivable ageing analysis as at 31 December 2023 is as follows:

	Within credit period	Exceed credit period (past due days)					Total
		1 – 30	31 – 60	61 – 90	91 – 120	>120	
Trade receivables (RM'000)	24,020	4,470	252	430	767	39,982	
Less: Impairment ⁽¹⁾ (RM'000)	-	-	-	-	(535)	(535)	
Net trade receivables (RM'000)	24,020	4,470	252	430	232	39,447	
Proportion of total net trade receivables (%)	60.9	11.3	0.6	1.1	0.6	100.0	
Subsequent collections up to the LPD (RM'000)	21,052	4,065	99	422	232	35,526	
Outstanding net trade receivables as at the LPD (RM'000)	2,968	405	153	8	-	3,921	
% net trade receivables as at the LPD over total net trade receivables	7.5	1.0	0.4	Neg	-	9.9	

Note:

Neg Negligible. Being less than 0.01%.

(1) Mainly due to the trade receivables being long outstanding beyond normal credit period granted by us to the customers, which are currently still pending negotiations with our customers on the settlement as at the LPD.

As at 31 December 2023, approximately RM15.4 million or 39.1% of our Group's trade receivables exceeded the normal credit period mainly due to temporary delays in payment from certain customers, of which RM14.5 million was subsequently collected by our Group up to the LPD. The remaining RM0.9 million has yet to be collected as at the LPD mainly due to delay in payment by our customers. We have taken continuous effort to collect the overdue outstanding amount through follow-up calls to our customers and we are of the view that the amount due are collectible in view of our Group's business relationship with the said customers, their past records of payment and the amount due is not disputed by our customers.

12. FINANCIAL INFORMATION (CONT'D)

12.4.9 Trade payables

All our Group's trade payables are classified as current liabilities. The normal credit terms granted by our suppliers ranges from 30 to 60 days which are dependent on the suppliers and the type of supplies or services procured. Our average trade payables turnover period for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 were 111 days, 60 days, 41 days and 46 days respectively.

FYE 2020

Our Group's average trade payables turnover period of 111 days for FYE 2020, exceeded the normal credit terms granted by our suppliers as our Group adopted prudent cash flow management by taking measures such as, among others, sought for extended credit terms up to 120 days from our major supplier in tandem with slower payment received from customers in view of business disruptions as a consequence of the MCO.

FYE 2021

Our Group's average trade payables turnover period improved from 111 days for FYE 2020 to 60 days for FYE 2021, which is within the normal credit terms granted by our suppliers, after normalisation of business operation post MCO.

FYE 2022

Our Group's average trade payables turnover period improved from 60 days for FYE 2021 to 41 days for FYE 2022, which is within the normal credit terms granted by our suppliers.

FYE 2023

Our Group's average trade payables turnover period increased from 41 days for FYE 2022 to 46 days for FYE 2023, which is within the normal credit terms granted by our suppliers.

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12. FINANCIAL INFORMATION (CONT'D)

Our Group's trade payable ageing analysis as at 31 December 2023 is as follows:

	Within credit period	Exceed credit period (past due days)				Total
		1 - 30	31 - 60	61 - 90	Over 90	
Trade payables (RM'000)	14,351 [A]	3,967	466	344	619	19,747
Proportion of total trade payables (%)	72.7	20.1	2.4	1.7	3.1	100.0
Subsequent payment up to the LPD (RM'000)	(14,351) [B]	(3,967)	(466)	(344)	(441)	(19,569)
Outstanding trade payables as at the LPD (RM'000)	- [C] = [A] - [B]	-	-	-	178	178
% of trade payables as at the LPD over total trade payables	-	-	-	-	0.9	0.9

As at 31 December 2023, approximately RM5.4 million or 27.3% of our Group's trade payables exceeded the normal credit period mainly as our Group monitors the exchange rates of the foreign currencies required to be paid to its foreign suppliers, such as Toyo Seat and Supplier W, and settle the trade payables when the exchange rates are favourable to our Group, of which RM5.2 million was subsequently paid by our Group up to the LPD. The remaining RM0.2 million has not been paid as at the LPD as the said amount is being negotiated by our Company with the respective suppliers due to charges charged without prior consultation with our Company and defects on the goods supplied by the supplier.

Notwithstanding the trade payables exceeding the normal credit period granted by our suppliers, our Group has not been imposed with any penalty or interest charges for late payment in respect of the trade payables as at 31 December 2023.

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12. FINANCIAL INFORMATION (CONT'D)**12.4.10 Inventories**

All our Group's inventories are classified as current assets. Our inventories comprise raw materials, work-in-progress, finished goods and goods in transit. Our average inventories turnover period for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 were 146 days, 126 days, 120 days and 112 days respectively.

FYE 2020

Our Group's average inventory turnover period of 146 days for FYE 2020.

FYE 2021

Our Group's average inventory turnover period decreased from 146 days for FYE 2020 to 126 days for FYE 2021 mainly due to lower inventory of finished goods at end of FYE 2021 as a result of higher delivery of finished goods in end of FYE 2021 after the FMCO from June to August 2021.

FYE 2022

Our Group's average inventory turnover period decreased from 126 days for FYE 2021 to 120 days for FYE 2022 mainly due to higher cost of sales in line with higher sales recorded in FYE 2022.

FYE 2023

Our Group's average inventory turnover period decreased from 120 days for FYE 2022 to 112 days for FYE 2023 mainly due to higher cost of sales in line with higher sales recorded in FYE 2023.

Our Group's inventory ageing analysis as at 31 December 2023 is as follows:

	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days but less than 1 year	More than 1 year	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Raw materials	10,037	3,388	3,663	9,512	4,578 ⁽¹⁾	31,179
Work-in-progress	714	202	-	65	2	983
Finished goods	4,927	1,445	502	155	54	7,082
Goods in transit	5,838	-	-	-	-	5,838
Total	21,516	5,034	4,165	9,733	4,634	45,082

Note:

- (1) Comprising mainly automotive cover materials, such as leather and synthetic leather, for the manufacturing of automotive covers which are usable and saleable for our REM market segment.

Our raw materials mainly consist of automotive cover materials, i.e. leather and synthetic leather, which have long lifespan with proper storage condition and handling. As every leather hide have different characteristics in terms of, among others, type, colour and print, we typically order automotive cover materials in quantities which are more than the confirmed purchase orders and forecast orders from our customers from the OEM market segment to ensure we have sufficient materials which match the specifications provided by our customers and are visually homogenous to ensure that we will be able to fulfil our customers' requirements in a timely manner without shortage of raw materials. Meanwhile, we also maintain automotive cover materials of various characteristics and features in terms of, among others, type, colour and print to serve our customers in the PDI and/or REM market segment which are based on customised orders.

12. FINANCIAL INFORMATION (CONT'D)

We perform annual review on our inventories to assess the impairment of slow moving inventories. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable, such as when our inventories are damaged, not useable in the manufacturing of the automotive covers or automotive seats or the specific models to which the inventories relate to are being phased out (i.e. stopped production by the automotive vehicle OEMs) or not saleable (particularly products which relate to REM market segment).

We have written off inventories of RM0.2 million, RM0.02 million, RM0.04 million and RM2.2 million for the FY Under Review respectively, mainly due to the raw materials with distinct specifications for which our customer did not order according to the forecast orders and are not useable for other car models as well as the finished goods no longer being saleable, i.e., damaged due to fungus or relating to car models which have been discontinued.

12.4.11 Current ratio

The table below sets forth a summary of our Group's current ratio for the FY Under Review:

	As at 31 December			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Current assets	70,523	84,217	116,643	150,563
Current liabilities	19,862	25,595	48,553	47,032
Current ratio (times)	3.6	3.3	2.4	3.2

Our Group's current ratio decreased marginally from 3.6 times as at 31 December 2020 to 3.3 times as at 31 December 2021. The decrease was mainly due to the increase in trade and other payables of RM4.8 million as at 31 December 2021 as a result of the amount owing to shareholder of RM2.5 million arising from the advances from Tan Sun Sun to Feytech SB which was not incurred in FYE 2020, increase in trade payables of RM1.9 million and increase in other payables of RM0.6 million.

Our Group's current ratio decreased from 3.3 times as at 31 December 2021 to 2.4 times as at 31 December 2022. The decrease was mainly due to:

- (i) increase in trade payables of RM4.0 million, dividend payable of RM5.0 million, other payables of RM1.9 million, accrued staff cost of RM1.1 million, and amount owing to shareholder of RM1.2 million arising from the advances from Tan Sun Sun to Feytech SB; and
- (ii) increase in current tax liabilities as at 31 December 2022 of RM2.5 million as a result of higher provision of current year tax in line with higher PBT for the FYE 2022.

Our Group's current ratio increased from 2.4 times as at 31 December 2022 to 3.2 times as at 31 December 2023. The increase was mainly due to the increase in cash and cash equivalents of RM32.1 million as detailed in **Section 12.4.2** of this Prospectus.

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12. FINANCIAL INFORMATION (CONT'D)**12.4.12 Gearing ratio**

The table below sets forth a summary of our Group's gearing ratio for the FY Under Review:

		As at 31 December			
		2020	2021	2022	2023
		RM'000	RM'000	RM'000	RM'000
<u>Lease liabilities and bank borrowings</u>					
Term loans		13,789	12,252	9,527	18,117
Lease liabilities ⁽¹⁾		744	509	724	778
Total lease liabilities and bank borrowings	[A]	14,533	12,761	10,251	18,895
Total equity	[B]	63,265	72,803	85,482	127,956
Gearing ratio (times)	[A] / [B]	0.2	0.2	0.1	0.1

Note:

(1) Excluding the lease liabilities for right-of-use assets.

Our Group's gearing ratio remained relatively constant at 0.2 time as at 31 December 2021, as compared to 31 December 2020.

Our Group's gearing ratio decreased from 0.2 time as at 31 December 2021 to 0.1 time as at 31 December 2022. The decrease was mainly due to the increase in total equity of RM12.7 million from RM72.8 million as at 31 December 2021 to RM85.5 million as at 31 December 2022 as a result of increase in retained earnings as at 31 December 2022.

Our Group's gearing ratio remained relatively constant at 0.1 time as at 31 December 2023, as compared to 31 December 2022.

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12. FINANCIAL INFORMATION (CONT'D)**12.5 CAPITALISATION AND INDEBTEDNESS**

The table below sets out our Group's capitalisation and indebtedness based on the unaudited management account as at 3 March 2024 and giving effect to the completion of our IPO and the use of proceeds from our Public Issue as set out in **Section 4.5** of this Prospectus having occurred on 3 March 2024. The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 3 March 2024 and is provided for illustrative purposes only.

	Unaudited	As adjusted
	As at 3 March 2024	After our IPO, Listing and use of proceeds
	RM'000	RM'000
Indebtedness		
Current		
<i>Secured and guaranteed</i>		
Term loans	1,526	1,526
Lease liabilities ⁽¹⁾	328	328
<i>Unsecured and unguaranteed</i>		
Lease liabilities ⁽²⁾	1,388	1,388
Non-current		
<i>Secured and guaranteed</i>		
Term loans	16,271	16,271
Lease liabilities ⁽¹⁾	373	373
<i>Unsecured and unguaranteed</i>		
Lease liabilities ⁽²⁾	7,888	7,888
Total indebtedness	27,774	27,774
Capitalisation		
Equity attributable to owners of our Company	130,840	241,211
Total capitalisation and indebtedness	158,614	268,985

Notes:

- (1) Comprising hire purchase.
- (2) Comprising lease liabilities for right-of-use assets.

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12. FINANCIAL INFORMATION (CONT'D)**12.6 ACCOUNTING POLICIES AND AUDIT QUALIFICATION**

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. The Accountants' Report did not contain any audit qualification for the FY Under Review.

12.7 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during the FY Under Review.

There is no assurance that our financial performance will not be adversely affected by any unfavourable changes to government, economic, fiscal or monetary policies in Malaysia and in countries which we operate. Further details on risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in **Section 9.2.3** of this Prospectus.

12.8 IMPACT OF INFLATION

Our Group is of the view that the current inflation rate does not have a material impact on our business, financial condition or results of our operation during FY Under Review. However, any significant increase in inflation rate may adversely affect our Group's operations and financial performance if we are unable to pass on the increase in costs to our customers by increasing our selling prices.

12.9 IMPACT OF FOREIGN EXCHANGE RATES AND/OR INTEREST RATES**12.9.1 Impact of foreign exchange rates**

We purchase our supplies such as leather and synthetic leather automotive cover materials from foreign suppliers based in South America, China and Italy, automotive seat parts and accessories as well as interior parts from Korea and Japan. Our purchases of such materials are mainly denominated in KRW, USD, JPY and RMB. Our purchases in foreign currencies are approximately 31.5% to 58.2% of our Group's total purchases for the FY Under Review. As at the LPD, we do not have formal hedging policy with respect to foreign exchange exposure as we are not exposed to significant loss from fluctuations in foreign exchange rates in the past, i.e., during the FY Under Review the aggregate of net realised and unrealised losses in foreign exchange represented approximately between 0.1% and 1.2% of our gross profit. As such, any significant fluctuations in these foreign exchange rates may affect our Group's financial performance.

As our sales are mainly transacted in RM, a depreciation of RM against foreign currencies such as KRW, USD, JPY and RMB will lead to higher costs of materials in RM. If we are unable to pass on these costs to our customers in a timely manner, it may reduce our profit margin.

During the FY under review, we have incurred losses from fluctuations in foreign exchange rates, as seen below:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Net realised loss on foreign exchange	(115)	(32)	(325)	(473)
Net unrealised loss on foreign exchange	(244)	(1)	(290)	-
Total	(359)	(33)	(615)	(473)

12. FINANCIAL INFORMATION (CONT'D)

Details of the risk of the foreign exchange fluctuation risks to our business and operations is set out in **Section 9.1.10** of this Prospectus.

12.9.2 Impact of interest rates

All our borrowings are interest-bearing obligations. Any increase in interest rates would adversely affect our financial performance. Our finance cost mainly comprises interest charges on term loans and lease liabilities from financial institutions. As at 31 December 2023, our Group's total borrowings and lease liabilities were RM18.9 million, of which RM18.1 million are floating rate borrowings.

Any significant increase in interest rates would raise the cost of our borrowings (i.e., finance costs), which may have an adverse effect on the financial performance of our Group. During the FY Under Review, our financial performance have not been materially affected by fluctuations in interest rates.

12.10 TREND ANALYSIS

Save as disclosed in this Section and in **Sections 7, 8 and 9** of this Prospectus, to the best of our Board's knowledge and belief, there are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our Group's financial condition and results of operations.

12.11 ORDER BOOK

Due to the nature of our business, we do not maintain an order book.

12.12 SIGNIFICANT CHANGES

There has been no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to the FYE 2023 up to the LPD.

12.13 DIVIDEND POLICY

It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (i) the level of cash and level of indebtedness;
- (ii) required and expected interest expense, cash flows, profits, return on equity and retained earnings;
- (iii) our expected results of operations and future level of operations; and
- (iv) our projected levels of capital expenditure and other investment plans.

The payment and amount of any dividends or distributions to our shareholders will be at the discretion of our Board and will depend on factors stated above (which may not be exhaustive). There is no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

Subject to the Act, our Company, in general meeting, may from time to time approve a dividend or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

12. FINANCIAL INFORMATION (CONT'D)

- (i) our Company is, or would after the payment be unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than its liabilities.

Our Board intends to recommend and distribute dividends of at least 40% of our net profits attributable to the owners of our Company for each financial year. However, it is not a legally binding obligation or guaranteed commitment to the shareholders.

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 Subsidiaries. Distributions by our Subsidiaries will depend upon their operating results, earnings, capital requirements, general financial condition and other relevant factors including exchange controls. There are no dividend restrictions imposed on our Subsidiaries. In addition, there are no legal, financial or economic restrictions on the ability of Gosford Singapore and Trimex Australia to repatriate funds in the form of cash dividend, loans or advances to us. Further details on the relevant policies on foreign investments, taxation and foreign exchange control in Singapore and Australia, which are applicable to Gosford Singapore and Trimex Australia respectively, are set out in **Section 7.25** of this Prospectus.

For the FY Under Review, dividends declared by our subsidiaries were as follows:

		FYE 2020	FYE 2021	FYE 2022	FYE 2023
		RM'000	RM'000	RM'000	RM'000
PAT	[A]	18,128	19,049	27,593	43,876
Dividends declared	[B]	11,903	9,782	15,003	21,723
Dividend payout ratio	[B] / [A]	65.7	51.4	54.3	49.5
Dividends paid		1,881	10,842	9,983	1,500
Dividends payable as at 31 December		10,022	8,962	13,982	- ⁽¹⁾

Note:

- (1) In addition to the dividend of RM1.5 million which was declared by our Group on 3 July 2023 and paid on 6 July 2023, our Group had on 9 January 2024 and 8 March 2024 declared dividends for FYE 2023 of RM10.0 million and RM10.2 million which were paid on 10 January 2024 and 13 March 2024, respectively.

Our Group has not declared any dividend for FYE 2024 and does not intend to declare any further dividend prior to our Listing. As at the LPD, there are no dividends which have been declared by our Group but not paid.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

Kindly refer to **Section 9.3.3** of this Prospectus for risks relating to payment of dividends.

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12. FINANCIAL INFORMATION (CONT'D)

12.14 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023



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3 April 2024

The Board of Directors
Feytech Holdings Berhad
No. 1, Jalan Bayu 2/6,
Kawasan Perindustrian Tampoi Jaya,
81200 Johor Bahru,
Johor.

Dear Sirs,

FEYTECH HOLDINGS BERHAD ("FEYTECH HOLDINGS" OR THE "COMPANY")

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 FOR INCLUSION IN THE PROSPECTUS IN RELATION TO THE LISTING

We have completed our assurance engagement to report on the compilation of the pro forma combined statement of financial position of Feytech Holdings and its subsidiaries, Gosford Leather Industries Sdn. Bhd., Trimex Distribution (M) Sdn. Bhd., Feytech Sdn. Bhd., Gosford Leather Trim (S) Pte. Ltd. and Trimex Automotive Australia Pty. Ltd. (the "Group"). The pro forma combined statement of financial position consists of the pro forma combined statement of financial position as at 31 December 2023 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the Directors of Feytech Holdings have compiled the pro forma combined statement of financial position are as described in Note 2 to the pro forma combined statement of financial position and in accordance with the requirements of the *Prospectus Guidelines* issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

The pro forma combined statement of financial position of Feytech Holdings has been compiled by the Directors of Feytech Holdings, for illustrative purposes only, for inclusion in the prospectus of Feytech Holdings ("Prospectus") in conjunction with the listing of and quotation for the entire enlarged issued share capital of Feytech Holdings on the Main Market of Bursa Malaysia Securities Berhad comprising the Public Issue and Offer for Sale ("IPO"), after making certain assumptions and such adjustments to show the effects on the pro forma audited financial position of Feytech Holdings as at 31 December 2023 adjusted for the Acquisition of subsidiaries, Share Split, Public Issue, Offer for Sale and use of proceeds as described in Notes 1.2, 1.3.1, 1.3.2, and 3.2.1 respectively.

12. FINANCIAL INFORMATION (CONT'D)**FEYTECH HOLDINGS BERHAD**

Reporting Accountants' Report on the Compilation of the
Pro Forma Combined Statement of Financial Position
as at 31 December 2023 for inclusion in the Prospectus in relation to the Listing



As part of this process, information about Feytech Holding's pro forma combined financial position has been extracted by the Directors of Feytech Holdings from the accountants' report of the Group for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, which were reported by us to the Directors of Feytech Holdings on 3 April 2024 without any modification.

Directors' Responsibility for the Pro Forma Combined Statement of Financial Position

The Directors of Feytech Holdings are responsible for compiling the pro forma combined statement of financial position based on the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institutes of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Control 1 (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, on whether the pro forma combined statement of financial position has been compiled, in all material respects, by the Directors of Feytech Holdings based on 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 the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors of Feytech Holdings have compiled, in all material respects, the pro forma combined statement of financial position based on 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 statement 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 statement of financial position.

The purpose of the pro forma combined statement of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of Feytech Holdings as if the events had occurred or the transaction had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

12. FINANCIAL INFORMATION (CONT'D)

FEYTECH HOLDINGS BERHAD

Reporting Accountants' Report on the Compilation of the
Pro Forma Combined Statement of Financial Position

as at 31 December 2023 for inclusion in the Prospectus in relation to the Listing



Reporting Accountants' Responsibilities (Continued)

A reasonable assurance engagement to report on whether the pro forma combined statement of financial position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors of Feytech Holdings in the compilation of the pro forma combined statement of financial position of Feytech Holdings provide a reasonable basis for presenting the significant effects directly attributable to Listing Scheme as described in Note 1.3 to the pro forma combined statement of financial position, and to obtain sufficient appropriate evidence about whether:

- (a) The related pro forma adjustments give appropriate effect to those criteria; and
- (b) The pro forma financial information 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 Group, the events or transactions in respect of which the pro forma combined statement of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statement of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our opinion

In our opinion the pro forma combined statement of financial position of Feytech Holdings has been compiled, in all material respects, on the basis as described in the notes thereon on the pro forma combined statement of financial position and in accordance with the requirements of the Prospectus Guidelines.

Other matter

This report has been prepared for inclusion in the Prospectus of Feytech Holdings in connection with the IPO. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Paul Tan Hong
No. 03459/11/2025 J
Chartered Accountant

12. FINANCIAL INFORMATION (CONT'D)**FEYTECH HOLDINGS BERHAD****PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION****1. INTRODUCTION**

The pro forma combined statement of financial position of Feytech Holdings Berhad (“Feytech Holdings” or “Company”) and its subsidiaries Gosford Leather Industries Sdn. Bhd., Trimex Distribution (M) Sdn. Bhd., Feytech Sdn. Bhd., Gosford Leather Trim (S) Pte. Ltd. and Trimex Automotive Australia Pty. Ltd. (the “Group”) has been compiled by the Directors of Feytech Holdings, for illustrative purposes only, for inclusion in the prospectus of Feytech Holdings (“Prospectus”) in conjunction with the listing of and quotation for the entire enlarged issued shares in Feytech Holdings (“Feytech Holdings Shares”) on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

1.1 In conjunction with the admission of Feytech Holdings to the Official List of Bursa Securities and the listing of and quotation for its entire enlarged issued Feytech Holdings Shares on the Main Market of Bursa Securities (“Listing”), Feytech Holdings had undertaken the following transactions:

1.2 Acquisition of subsidiaries (the “Acquisitions”) and Share Split**1.2.1 Acquisition of Gosford Leather Industries Sdn. Bhd. (“GLI”)**

Feytech Holdings had on 3 September 2023, entered into a conditional share sale agreement with Tan Sun Sun, Go Yoong Chang and Connie Go (“GLI Vendors”) to acquire the entire issued share capital of GLI of RM600,100 comprising 600,100 ordinary shares in GLI for a purchase consideration of RM77,549,399. The acquisition of GLI is to be wholly satisfied by the issuance of 77,549,399 new Feytech Holdings Shares at an issue price of RM1.00 per Feytech Holdings Share to the GLI Vendors. The acquisition of GLI was completed on 11 March 2024.

The purchase consideration of RM77,549,399 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited net assets (“NA”) of GLI as at 31 December 2022.

1.2.2 Acquisition of Trimex Distribution (M) Sdn. Bhd. (“TDM”)

Feytech Holdings had on 3 September 2023, entered into a conditional share sale agreement with Tan Sun Sun and Go Yoong Chang (“TDM Vendors”) to acquire the entire issued share capital of TDM of RM80,000 comprising 80,000 ordinary shares in TDM for a purchase consideration of RM8,290,900. The acquisition of TDM is to be wholly satisfied by the issuance of 8,290,900 Feytech Holdings Shares at an issue price of RM1.00 per Feytech Holdings Share to the TDM Vendors and Connie Go (the nominated recipient by the TDM Vendors to receive part of the new Feytech Holdings Shares to be issued pursuant to the acquisition of TDM). The acquisition of TDM was completed on 11 March 2024.

The purchase consideration of RM8,290,900 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited NA of TDM as at 31 December 2022.



12. FINANCIAL INFORMATION (CONT'D)**FEYTECH HOLDINGS BERHAD****PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED)****1. INTRODUCTION (CONTINUED)****1.2 Acquisitions and Share Split (continued)****1.2.3 Acquisition of Feytech Sdn. Bhd. ("FSB")**

Feytech Holdings had on 3 September 2023, entered into a conditional share sale agreement with Tan Sun Sun and Careen Tan Kai Lin ("FSB Vendors") to acquire the entire issued share capital of FSB of RM300,000 comprising 300,000 ordinary shares in FSB for a purchase consideration of RM1. The acquisition of FSB is to be wholly satisfied by cash to the FSB Vendors. The acquisition of FSB was completed on 11 March 2024.

The purchase consideration of RM1 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited net liabilities of FSB as at 31 December 2022.

1.2.4 Acquisition of Gosford Leather Trim (S) Pte. Ltd. ("GLT")

Feytech Holdings had on 3 September 2023, entered into a conditional share sale agreement with Connie Go, Tan Sun Sun and Go Yoong Chang ("GLT Vendors") to acquire the entire issued share capital of GLT of SGD250,000 comprising 250,000 ordinary shares in GLT for a purchase consideration of RM1,165,500. The acquisition of GLT is to be wholly satisfied by the issuance of 1,165,500 Feytech Holdings Shares at an issue price of RM1.00 per Feytech Holdings Share to the GLT Vendors. The acquisition of GLT was completed on 11 March 2024.

The purchase consideration of RM1,165,500 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited NA of GLT as at 31 December 2022.

1.2.5 Acquisition of Trimex Automotive Australia Pty. Ltd. ("TAA")

Feytech Holdings had on 3 September 2023, entered into a conditional share sale agreement with Tan Sun Sun, ("TAA Vendor") to acquire the entire issued share capital of TAA of AUD100 comprising 100 ordinary shares in TAA for a purchase consideration of RM478,600. The acquisition of TAA is to be wholly satisfied by the issuance of 478,600 Feytech Holdings Shares at an issue price of RM1.00 per Feytech Holdings Share to the TAA Vendor. The acquisition of TAA was completed on 11 March 2024.

The purchase consideration of RM478,600 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited NA of TAA as at 31 December 2022.



12. FINANCIAL INFORMATION (CONT'D)**FYETECH HOLDINGS BERHAD****PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED)****1. INTRODUCTION (CONTINUED)****1.2 Acquisitions and Share Split (continued)****1.2.6 Share Split**

Following the Acquisitions, Feytech Holdings subdivide its 87,484,400 Feytech Holdings Shares into 699,875,200 Feytech Holdings Shares on the basis of every 1 existing Feytech Holdings Share subdivided into 8 Feytech Holdings Shares. The share split was completed on 25 March 2024.

1.3 Listing Scheme**1.3.1 Public Issue**

The public issue of 143,324,800 new Feytech Holdings Shares at an issue price of RM0.80 per Feytech Holdings Share, representing approximately 17.00% of the enlarged number of Feytech Holdings Shares, will be allocated in the following manner:

- (i) 42,160,000 new Feytech Holdings Shares made available to the Malaysian public by way of balloting;
- (ii) 25,296,000 new Feytech Holdings Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group; and
- (iii) 75,868,800 new Feytech Holdings Shares made available by way of private placement to selected investors.

(Collectively hereinafter referred to as “Public Issue”).

1.3.2 Offer for Sale

Offer for sale of 109,616,000 existing Feytech Holdings Shares at an offer price of RM0.80 per Feytech Holdings Share representing 13.00% of the enlarged issued share capital of Feytech Holdings by way of private placement to Bumiputera investors approved by the MITI and selected investors.

1.3.3 Listing

The admission of Feytech Holdings to the Official List of Bursa Securities and the listing of and quotation for its entire enlarged issued share capital of RM202,144,240 comprising 843,200,000 Feytech Holdings Shares on the Main Market have been approved by Bursa Securities.



12. FINANCIAL INFORMATION (CONT'D)**FEYTECH HOLDINGS BERHAD****2. BASIS OF PREPARATION OF THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION**

- 2.1 The pro forma combined statement of financial position has been prepared to illustrate the pro forma combined financial position of Feytech Holdings and its subsidiaries as at 31 December 2023, adjusted for the Acquisition of subsidiaries, Share Split, Public Issue, Offer for Sale and use of proceeds as described in Notes 1.2, 1.3.1, 1.3.2 and 3.2.1 respectively.
- 2.2 The accountants' report of the Feytech Holdings for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 were reported by the auditors to the Directors of Feytech Holdings on 3 April 2024 without any modifications.
- 2.3 The pro forma combined statement of financial position of Feytech Holdings has been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of Feytech Holdings and does not purport to predict the future financial position and results of Feytech Holdings.
- 2.4 The pro forma combined statement of financial position of Feytech Holdings have been properly prepared on the basis set out in the accompanying notes to the pro forma combined statement of financial position based on the accountants' report of Feytech Holdings for FYE 31 December 2023, which have been prepared in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.
- 2.5 The pro forma combined statement of financial position of Feytech Holdings have been prepared in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group in the preparation of its accountants' report for the FYE 31 December 2023 and the adoption of the following new accounting policies, which had been adopted by the Group as its group accounting policies:

Merger accounting

The subsidiaries are accounted for using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.



12. FINANCIAL INFORMATION (CONT'D)

FEYTECH HOLDINGS BERHAD

2. BASIS OF PREPARATION OF THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED)

2.5 (continued)

Merger accounting (continued)

Acquisition of entities under common control does not result in any change in economic substance. Accordingly, the Group is a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Group and the difference arising from the change in equity structure of the Group will be accounted for in merger reserve/deficit.

2.6 In connection with the Listing, the audited statement of financial position of Feytech Holdings as at 31 December 2023 have been presented after adjusting for the Acquisition of subsidiaries, Share Split, Public Issue, Offer for Sale and use of proceeds as described in Notes 1.2, 1.3.1, 1.3.2, and 3.2.1 respectively.



12. FINANCIAL INFORMATION (CONT'D)**FEYTECH HOLDINGS BERHAD****3. PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF FEYTECH HOLDINGS BERHAD**

3.1 The pro forma combined statement of financial position of Feytech Holdings as set out below, for which the Directors of Feytech Holdings are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited statement of financial position of Feytech Holdings as at 31 December 2023, had the Acquisition of subsidiaries, Share Split, Public Issue, Offer for Sale and Utilisation of Proceeds as described in Notes 1.2, 1.3.1, 1.3.2 and 3.2.1 respectively, been effected on that date, and should be read in conjunction with the notes accompanying thereto.

	Audited Statements of Financial Position as at 31 December 2023 RM'000	Pro Forma I After the Acquisitions and Share Split RM'000	Pro Forma II After Pro Forma I, Public Issue and Offer for Sale RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	42,634	42,634	42,634
Investment properties	-	7,945	7,945	7,945
Deferred tax assets	-	35	35	35
	-	50,614	50,614	50,614
Current assets				
Inventories	-	45,082	45,082	45,082
Trade and other receivables	-	42,372	42,372	42,372
Contract assets	-	57	57	57
Current tax assets	-	309	309	309
Cash and short-term deposits	&	42,520	157,180	152,231
	&	130,340	245,000	240,051
TOTAL ASSETS	&	180,954	295,614	290,665



12. FINANCIAL INFORMATION (CONT'D)

FEYTECH HOLDINGS BERHAD

3. PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF FEYTECH HOLDINGS BERHAD (CONTINUED)

3.1 (Continued)

	Audited Statements of Financial Position as at 31 December 2023 RM'000	Pro Forma I After the Acquisitions and Share Split RM'000	Pro Forma II After Pro Forma I, Public Issue and Offer for Sale RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	&	87,484	202,144	200,784
Reorganisation reserve	-	(85,743)	(85,743)	(85,743)
Translation reserve	-	200	200	200
Retained earnings	(3,149)	105,792	105,792	102,203
TOTAL EQUITY	(3,149)	107,733	222,393	217,444
Non-current liabilities				
Loans and borrowings	-	25,142	25,142	25,142
Deferred tax liabilities	-	1,047	1,047	1,047
	-	26,189	26,189	26,189
Current liabilities				
Loans and borrowings	-	3,249	3,249	3,249
Trade and other payables	3,149	42,994	42,994	42,994
Current tax liabilities	-	789	789	789
	3,149	47,032	47,032	47,032
TOTAL LIABILITIES	3,149	73,221	73,221	73,221
TOTAL EQUITY AND LIABILITIES	&	180,954	295,614	290,665



12. FINANCIAL INFORMATION (CONT'D)

FEYTECH HOLDINGS BERHAD

3. PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF FEYTECH HOLDINGS BERHAD (CONTINUED)

3.1 (Continued)

	Audited Statements of Financial Position as at 31 December 2023	Pro Forma I After the Acquisitions and Share Split	Pro Forma II After Pro Forma I, Public Issue and Offer for Sale	Pro Forma III After Pro Forma II and Utilisation of Proceeds
Number of ordinary shares in issue ('000)	#	699,875	843,200	843,200
Net Assets ("NA") attributable to the owners of the Company (RM'000)	(3,149)	107,733	222,393	217,444
NA per share attributable to the owners of the Company (RM)	&	0.15	0.26	0.26
Interest-bearing borrowings (RM'000) ^{>}	-	18,895	18,895	18,895
Gearing (times) *	-	0.18	0.08	0.09

Note:

& *RM1*

1 share

> *Refers to interest-bearing loans and borrowings and hire purchase arrangements, excluding lease liabilities arising from right-of-use assets*

* *Gearing ratio is calculated based on total interest-bearing borrowings divided by total equity of the Group*



12. FINANCIAL INFORMATION (CONT'D)**FEYTECH HOLDINGS BERHAD****3. PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF FEYTECH HOLDINGS BERHAD (CONTINUED)**

3.2 Notes to the pro forma combined statement of financial position are as follows:

3.2.1 The proceeds from the Public Issue would be used in the following manner:

Purposes	RM'000	%	Estimated time for defrayment (from listing date)
Acquisition of land ⁽¹⁾	11,600	10.1	Within 6 months
Construction of new corporate office with manufacturing plant and warehouse ⁽¹⁾	21,125	18.4	Within 24 months
Construction of new manufacturing plant, warehouse, annex office building and staff hostel ^{(1)&(2)}	18,760	16.4	Within 24 months
Purchase of machineries ⁽¹⁾	3,000	2.6	Within 12 months
Working capital	52,175	45.5	Within 12 months
Estimated listing expenses	8,000	7.0	Immediate
Total	114,660	100.00	

Notes:

- (1) As at the latest practicable date, Feytech Holdings has yet to enter into any contractual binding agreement or issue any purchase order in relation to the acquisition of land, construction of new corporate office with manufacturing plant and warehouse, and the construction of new manufacturing plant, warehouse, annex office building and staff hostel, and the purchase of machineries. Accordingly, the utilisation of proceeds earmarked for the acquisition of land, construction of new corporate office with manufacturing plant and warehouse, and the construction of new manufacturing plant, warehouse, annex office building and staff hostel, and the purchase of machineries are not reflected in the pro forma combined statement of financial position.
- (2) Refer to Feytech Sdn. Bhd.'s proposed new manufacturing plant to be built on a piece of vacant industrial land held under HSD 83979, PT 1104, Pekan Sungai Karangan, Daerah Kulim, Negeri Kedah.

3.2.2 The pro forma combined statement of financial position should be read in conjunction with the notes below:

(a) Pro Forma I

Pro Forma I incorporates the following effects:

- (i) Acquisitions as described in Note 1.2 on the audited financial statements of Feytech Holdings as at 31 December 2023:

	RM'000
Purchase consideration	87,484
Less: Share capital of acquired subsidiaries	(1,741)
Reorganisation reserve	85,743

Pro Forma Combined Statement of Financial Position

12. FINANCIAL INFORMATION (CONT'D)**FEYTECH HOLDINGS BERHAD****3. PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF FEYTECH HOLDINGS BERHAD (CONTINUED)**

3.2 (continued)

3.2.2 (continued)

(a) Pro Forma I (continued)

- (i) The Acquisitions had the following impact on the combined statement of financial position of Feytech Holdings as at 31 December 2023:

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Property, plant and equipment	42,634	-
Investment properties	7,945	-
Deferred tax assets	35	-
Inventories	45,082	-
Trade and other receivables	42,372	-
Contract assets	57	-
Current tax assets	309	-
Cash and bank balances	62,743	-
Share capital	-	87,484
Reorganisation reserve	-	(85,743)
Translation reserve	-	200
Retained earnings	-	129,164
Loans and borrowings - non-current	-	25,142
Deferred tax liabilities	-	1,047
Loans and borrowings - current	-	3,249
Trade and other payables	-	39,845
Current tax liabilities	-	789
	201,177	201,177

- (ii) GLI had on 9 January 2024 and 8 March 2024 declared first and second single-tier interim dividend of RM16.70 and RM17.00 per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM10,021,670 and RM10,201,700 respectively. The dividends were paid on 10 January 2024 and 13 March 2024.

12. FINANCIAL INFORMATION (CONT'D)**FEYTECH HOLDINGS BERHAD****3. PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF FEYTECH HOLDINGS BERHAD (CONTINUED)**

3.2 (continued)

3.2.2 (continued)

(a) Pro Forma I (continued)

(ii) The declaration of dividends had the following impact of audited statement of financial position as at 31 December 2023:

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and bank balances	(20,223)	-
Retained earnings	-	(20,223)
	(20,223)	(20,223)

(iii) Upon the completion of the Share Split, the resultant issued share capital of Feytech Holdings will comprise 699,875,200 Feytech Holdings Shares. The Share Split does not have an impact on the audited statement of financial position of Feytech Holdings as at 31 December 2023, other than an increase in the number of Feytech Holdings Shares subsequent to the Share Split.

(b) Pro Forma II

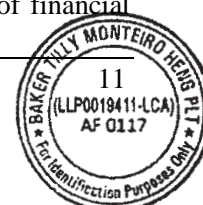
Pro Forma II incorporates the cumulative effects of Pro Forma I and the Public Issue and Offer for Sale as described in Note 1.3.1 and Note 1.3.2 respectively.

The Public Issue will have the following impact on the audited statement of financial position as at 31 December 2023:

	Increase	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and bank balances	114,660	-
Share capital	-	114,660
	114,660	114,660

Upon the completion of the Public Issue of 143,324,800 Feytech Holdings Shares, its entire enlarged issued share capital would amount to RM202,144,240 comprising 843,200,000 Feytech Holdings Shares.

The Offer for Sale does not have an impact on the audited statement of financial position as at 31 December 2023.

Pro Forma Combined Statement of Financial Position

12. FINANCIAL INFORMATION (CONT'D)**FEYTECH HOLDINGS BERHAD****3. PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF FEYTECH HOLDINGS BERHAD (CONTINUED)**

3.2 (Continued)

3.2.2 (Continued)

(c) Pro Forma III

Pro Forma III incorporates the cumulative effects of Pro Forma II and the utilisation of proceeds from the Public Issue of RM106.66 million after deducting RM8.00 million of estimated listing expenses.

The proceeds arising from the Public Issue earmarked for acquisition of land, construction of new corporate office with manufacturing plant and warehouse, the construction of new manufacturing plant, warehouse, annex office building and staff hostel and the purchase of machineries are not reflected in the pro forma combined statement of financial position as Feytech Holdings has yet to enter into any contractual binding agreement or issue any purchase order in relation these items. As such, these proceeds will be included in Cash and Bank Balances Account.

The proceeds arising from the Public Issue earmarked for working capital purposes will be debited to Cash and Bank Balances Account.

As at 31 December 2023, out of the total estimated expenses of RM8.00 million, RM3.05 had been charged to the Retained Earnings Account. Of the remaining RM4.95 million, RM3.59 million will be charged to Retained Earnings Account and the remaining RM1.36 million will be capitalised in Share Capital upon listing as these are directly attributable expenses relating to the new issuance of shares.

The utilisation of proceeds will have the following impact on the audited statement of financial position of Feytech Holdings as at 31 December 2023:

	Decrease	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and bank balances	4,949	-
Share capital	-	1,360
Retained earnings	-	3,589
	4,949	4,949



12. FINANCIAL INFORMATION (CONT'D)

FEYTECH HOLDINGS BERHAD

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF FEYTECH HOLDINGS BERHAD (CONTINUED)

3.2 (Continued)

3.2.3 Movements in share capital and reserves are as follows:

	← Share Capital →		Reorganisation Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000
	Number of shares '000	Amount RM'000				
Audited statement of financial position as at 31 December 2023	#	&	-	-	(3,149)	(3,149)
Arising from the Acquisitions and Share Split	699,875	87,484	(85,743)	200	108,941	110,882
As per Pro Forma I	699,875	87,484	(85,743)	200	105,792	107,733
Arising from the Public Issue and Offer for Sale	143,325	114,660	-	-	-	114,660
As per Pro Forma II	843,200	202,144	(85,743)	200	105,792	222,393
Arising from Utilisation of Proceeds	-	(1,360)	-	-	(3,589)	(4,949)
As per Pro Forma III	843,200	200,784	(85,743)	200	102,203	217,444

Note:
& *RM1*
1 share



12. FINANCIAL INFORMATION (CONT'D)**FEYTECH HOLDINGS BERHAD****3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF FEYTECH HOLDINGS BERHAD (CONTINUED)**

3.2 (Continued)

3.2.4 Movements in cash and bank balances are as follows:

	RM'000
Audited as at 31 December 2023	&
Arising from the Acquisitions and Share Split	42,520
As per Pro Forma I	42,520
Arising from Public Issue and Offer for Sale	114,660
As per Pro Forma II	157,180
Arising from Utilisation of Proceeds	(4,949)
As per Pro Forma III	152,231

Note:
& *RM1*

3.2.5 Movements in loans and borrowings are as follows:

	RM'000
Audited as at 31 December 2023	-
Arising from the Acquisitions and Share Split	18,895
As per Pro Forma I	18,895
Arising from Public Issue and Offer for Sale	-
As per Pro Forma II	18,895
Arising from Utilisation of Proceeds	-
As per Pro Forma III	18,895

Note:
Refers to interest-bearing loans and borrowings and hire purchase arrangements, excluding lease liabilities arising from right-of-use assets

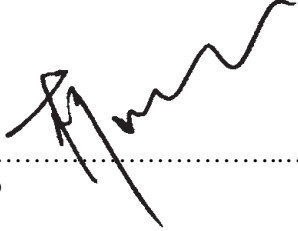


12. FINANCIAL INFORMATION (CONT'D)

FEYTECH HOLDINGS BERHAD

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted on behalf of the Board of Directors of Feytech Holdings Berhad in accordance with a resolution dated **03 APR 2024**



.....
Connie Go
Director



.....
Go Yoong Chang
Director



13. ACCOUNTANTS' REPORT



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3 April 2024

The Board of Directors
Feytech Holdings Berhad
No. 1, Jalan Bayu 2/6
Kawasan Perindustrian Tampoi Jaya
81200, Johor Bahru
Johor.

Dear Sirs,

Reporting Accountants' opinion on the Combined Financial Statements contained in the Accountants' Report of Feytech Holdings Berhad ("Feytech" or the "Company")

Opinion

We have audited the accompanying combined financial statements of the Company and its combining entities (collectively known as the "Group") as detailed in Note 2 to the combined financial statements, which comprise the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended ("FYE(s)") 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, and notes to the combined financial statements, including material accounting policy information, as set out on pages 6 to 77.

In our opinion, the accompanying combined financial statements contained in the Accountants' Report of the Company gives a true and fair view of the financial positions of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, and of its financial performance and its cash flows for the FYEs 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards as well as Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia.

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD
(Incorporated in Malaysia)

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Responsibilities of the Directors for the Combined Financial Statements

The directors of the Company are responsible for the preparation of the combined financial statements contained in the Accountants' Report of the Company, so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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.

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD
(Incorporated in Malaysia)

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)

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 Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. ACCOUNTANTS' REPORT (CONT'D)



FEYTECH HOLDINGS BERHAD
(Incorporated in Malaysia)

Other Matter

This report is made solely to the Company and has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia 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 and should not be relied upon any other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "Baker Tilly Monteiro Heng".

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

A handwritten signature in black ink, appearing to read "Paul Tan Hong".

Paul Tan Hong
No. 03459/11/2025 J
Chartered Accountant

Kuala Lumpur

Date: 3 April 2024

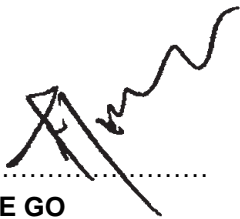
13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD
Accountants' Report

STATEMENT BY DIRECTORS

We, **CONNIE GO** and **GO YOONG CHANG**, being two of the directors of FEYTECH HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying combined financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 and of its financial performance and cash flows for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:



.....
CONNIE GO
Director



.....
GO YOONG CHANG
Director

Kuala Lumpur

Date: 03 APR 2024

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	← As at 31 December →			
		2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	18,385	20,984	20,929	42,634
Investment properties	6	8,701	8,449	8,197	7,945
Deferred tax assets	14	-	-	33	35
Total non-current assets		27,086	29,433	29,159	50,614
Current assets					
Inventories	7	19,121	15,883	34,920	45,082
Trade and other receivables	8	22,223	37,953	50,758	42,372
Contract assets	9	-	-	62	57
Current tax assets		768	372	292	309
Cash and short-term deposits	10	28,411	30,009	30,611	62,743
Total current assets		70,523	84,217	116,643	150,563
TOTAL ASSETS		97,609	113,650	145,802	201,177
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Invested equity	11	1,441	1,741	1,741	1,741
Translation reserve	12	42	13	102	200
Retained earnings		61,782	71,049	83,639	126,015
TOTAL EQUITY		63,265	72,803	85,482	127,956

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	← As at 31 December →			
		2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Non-current liabilities					
Loans and borrowings	13	14,314	14,536	11,145	25,142
Deferred tax liabilities	14	168	716	622	1,047
Total non-current liabilities		14,482	15,252	11,767	26,189
Current liabilities					
Loans and borrowings	13	2,216	3,122	2,882	3,249
Trade and other payables	15	17,646	22,420	43,158	42,994
Current tax liabilities		-	53	2,513	789
Total current liabilities		19,862	25,595	48,553	47,032
TOTAL LIABILITIES		34,344	40,847	60,320	73,221
TOTAL EQUITY AND LIABILITIES		97,609	113,650	145,802	201,177

The accompanying notes form an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		← FYE 31 December →			
	Note	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Revenue	16	79,368	85,179	126,877	211,223
Cost of sales		(50,305)	(50,808)	(77,070)	(130,420)
Gross profit		29,063	34,371	49,807	80,803
Other income	17	2,500	2,916	2,893	3,313
Administrative expenses		(9,331)	(11,027)	(15,109)	(23,043)
Operating profit		22,232	26,260	37,591	61,073
Finance costs	18	(477)	(589)	(600)	(1,011)
Profit before tax	19	21,755	25,671	36,991	60,062
Income tax expense	21	(3,627)	(6,622)	(9,398)	(16,186)
Profit for the financial year		18,128	19,049	27,593	43,876
Other comprehensive income					
Exchange differences on translation of foreign operations		53	(29)	89	98
Total comprehensive income for the financial year		18,181	19,020	27,682	43,974
Earnings per share					
Basic (sen)	22	1,258.02	1,094.14	1,584.89	2,520.16

The accompanying notes form an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY

	← Invested equity RM'000	Attributable to owners of the Company Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2020	1,441	(11)	55,557	56,987
Total comprehensive income for the financial year				
Profit for the financial year	-	-	18,128	18,128
Other comprehensive income	-	53	-	53
Total comprehensive income	-	53	18,128	18,181
Transaction with owners				
Dividends declared	-	-	(11,903)	(11,903)
At 31 December 2020	1,441	42	61,782	63,265
Total comprehensive income for the financial year				
Profit for the financial year	-	-	19,049	19,049
Other comprehensive income	-	(29)	-	(29)
Total comprehensive income	-	(29)	19,049	19,020
Transactions with owners				
Issuance of ordinary shares	300	-	-	300
Dividends declared	-	-	(9,782)	(9,782)
At 31 December 2021	1,741	13	71,049	72,803

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	← Invested equity RM'000	Attributable to owners of the Company Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2022	1,741	13	71,049	72,803
Total comprehensive income for the financial year				
Profit for the financial year	-	-	27,593	27,593
Other comprehensive income	-	89	-	89
Total comprehensive income	-	89	27,593	27,682
Transactions with owners				
Dividends declared	-	-	(15,003)	(15,003)
At 31 December 2022	1,741	102	83,639	85,482

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13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	← Invested equity RM'000	Attributable to owners of the Company Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2023	1,741	102	83,639	85,482
Total comprehensive income for the financial year				
Profit for the financial year	-	-	43,876	43,876
Other comprehensive income	-	98	-	98
Total comprehensive income	-	98	43,876	43,974
Transactions with owners				
Shares issued upon incorporation	*	-	-	-
Dividends declared	-	-	(1,500)	(1,500)
At 31 December 2023	1,741	200	126,015	127,956

* Denotes < RM1,000

The accompanying notes form an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)
FEYTECH HOLDINGS BERHAD

Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS

	←	FYE 31 December			→
Note	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	
Cash flows from operating activities					
Profit before tax	21,755	25,671	36,991	60,062	
Adjustments for:					
Depreciation of property, plant and equipment	1,823	2,546	3,315	4,404	
Depreciation of investment properties	252	252	252	252	
Finance costs	477	589	600	1,011	
Interest income	(523)	(758)	(776)	(694)	
Net unrealised loss/(gain) on foreign exchange	244	(12)	290	(590)	
Gain on disposal of property, plant and equipment	-	(26)	(12)	(267)	
Gain on lease modification	-	-	-	(106)	
Property, plant and equipment written off	20	59	*	3	
Inventories written off	186	22	35	2,223	
Impairment loss on trade receivables	-	-	544	-	
Bad debts written off	-	157	15	21	
Reversal of impairment loss on trade receivables	-	-	-	*	
Operating profits before changes in working capital	24,234	28,500	41,254	66,319	
Changes in working capital:					
Inventories	1,613	3,216	(19,072)	(12,385)	
Contract assets	-	-	(62)	5	
Trade and other receivables	6,260	(5,875)	(13,149)	(2,261)	
Trade and other payables	(13,334)	3,488	14,451	17,637	
Net cash generated from operations	18,773	29,329	23,422	69,315	
Income tax paid	(5,429)	(5,625)	(6,985)	(17,832)	
Income tax refunded	-	-	-	327	
Interests received	379	398	398	608	
Net cash from operating activities	13,723	24,102	16,835	52,418	
Cash flows from investing activities					
Purchase of property, plant and equipment	10(ii) (10,375)	(1,579)	(2,738)	(18,547)	
Proceeds from disposal of property, plant and equipment	-	26	29	560	
Change in pledged deposits	2,925	(4)	(4)	-	
Net cash used in investing activities	(7,450)	(1,557)	(2,713)	(17,987)	

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	←	FYE 31 December →			
		2020	2021	2022	2023
Note		RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities	10(iii)				
Drawdown of term loans		3,708	-	-	11,000
Repayment of term loans		(817)	(1,537)	(2,725)	(2,410)
Net change in lease liabilities		(1,074)	(1,114)	(1,392)	(1,930)
Proceeds from issuance of shares		-	300	-	*
Net change in amount owing to/(by) related parties		5,694	(10,019)	1,756	8,627
Net change in amount owing to/(by) shareholders		-	2,541	1,221	(3,762)
Net change in amount owing to/(by) directors		526	(22)	(1,989)	1,989
Interests paid		(477)	(589)	(600)	(1,011)
Interests received		144	360	378	82
Dividends paid		(1,881)	(10,842)	(9,983)	(15,482)
Net cash from/(used in) financing activities		5,823	(20,922)	(13,334)	(2,897)
Net increase in cash and cash equivalents		12,096	1,623	788	31,534
Cash and cash equivalents at the beginning of the financial year		16,028	28,191	29,785	30,383
Effect of exchange rate changes on cash and bank balances		67	(29)	(190)	594
Cash and cash equivalents at the end of the financial years	10(i)	28,191	29,785	30,383	62,511

* Denotes < RM1,000

The accompanying notes form an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS**1. GENERAL INFORMATION**

Feytech Holdings Berhad ("Feytech" or the "Company") was incorporated as a private company limited by shares on 11 April 2023 under Companies Act 2016 and is domiciled in Malaysia. On 24 August 2023, Feytech was converted to a public limited company.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The principal place of business of the Company is located at No. 1, Jalan Bayu 2/6, Kawasan Perindustrian Tampoi Jaya, 81200, Johor Bahru, Johor.

The principal activity of the Company is investment holding. The details of the combining entities are as follows:

Combining entities	Principal place of business/ country of incorporation	Principal activities
Gosford Leather Industries Sdn. Bhd.	Malaysia	Manufacturing and installation of automotive upholstery products
Trimex Distribution (M) Sdn. Bhd.	Malaysia	Marketing and sale of automotive upholstery products and accessories
Feytech Sdn. Bhd.	Malaysia	Manufacturing and sale of automotive seats and other parts
Gosford Leather Trim (S) Pte. Ltd.	Singapore	Installation, marketing and sale of automotive upholstery products and accessories
Trimex Automotive (AUS) Pty. Ltd.	Australia	Wholesale of automotive upholstery products and accessories

There have been no significant changes in the nature of these principal activities during the financial years under review.

The combined financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 April 2024.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**2. BASIS OF PREPARATION**

The combined financial statements of Feytech consist of the financial statements of the following entities under common control which is accounted for using the merger method of accounting (collectively hereinafter referred to as the "Group") for each of the financial years:

Entities Under Common Control	FYE 31 December			
	2020	2021	2022	2023
Gosford Leather Industries Sdn. Bhd.	√,^	√,^	√,^	√,^
Trimex Distribution (M) Sdn. Bhd.	√,^	√,^	√,^	√,^
Feytech Sdn. Bhd.	>	√,^	√,^	√,^
Feytech Holdings Berhad	>	>	>	√,^
Gosford Leather Trim (S) Pte. Ltd.	√,@	√,@	√,^	√,^
Trimex Automotive (AUS) Pty. Ltd.	√,@	√,@	√,^	√,^

√ The combined financial statements of the Group include the financial statements of these combining entities prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and/or the International Financial Reporting Standards ("IFRSs") for the respective financial years.

^ The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT.

> No financial statements were available for Feytech Sdn. Bhd. and Feytech Holdings Berhad as they were incorporated on 1 April 2021 and 11 April 2023 respectively.

@ The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were re-audited by Baker Tilly Monteiro Heng PLT for the purpose of inclusion into the combined financial statements of the Group.

The audited financial statements of all the combining entities within the Group for the relevant years reported above were not subject to any qualification or modification.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)**

Combined financial statements of the Group for FYE 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023

The combined financial statements of the Group for the relevant periods were prepared in a manner as if the entities under common control were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information presented in the combined financial statements may not correspond to those in the combined financial statements of the Group had the relevant transactions to legally constitute a group been incorporated in the combined financial statements for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group are consistently applied for all the financial years presented in these combined financial statements.

2.1 Statement of compliance

The combined financial statements of the Group have been prepared in accordance with the MFRSs and IFRSs.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)****2.2 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective**

- (a) The Group has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

<u>Amendments/Improvements to MFRSs</u>		Effective for financial periods beginning on or after
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below:

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)****2.2 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below: (continued)

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the combined financial statements.

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)****2.2 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below: (continued)

Amendments to MFRS 121 The Effect if Changes in Foreign Exchange Rates

Amendments to MFRS 121 respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

Applying the Amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

- (c) The initial application of the above applicable new MFRS and amendments/improvements to MFRSs are not expected to have any material impact on the combined financial statements.

2.3 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.4 Basis of measurement

The combined financial statements of the Group have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION**

The Group has adopted the amendments to MFRS 101, *Presentation of Financial Statements* whereby an entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information in the Group's financial statements, it can reasonably be expected to influence decisions that the primary users make on the basis of those financial information.

The Group has early adopted the amendments to MFRS 101 to reporting periods before 1 January 2023. Accordingly, the Group disclosed their material accounting policy information in these combined financial statements. However, the amendments did not result in changes to the accounting policies of the Group.

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of combination**Business combination**

The Group applies the merger method of accounting to account for business combinations under common control.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to reorganisation reserve or merger deficit.

3.2 Financial instruments**Financial assets - subsequent measurement and gains and losses**Debt instruments at amortised cost

The Group subsequently measures these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

The Group classifies the financial liabilities at amortised cost.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****3.2 Financial instruments (continued)****Financial liabilities – subsequent measurement and gains and losses (continued)**

The Group subsequently measures other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.3 Property, plant and equipment

Property, plant and equipment other than right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment (other than the right-of-use assets as disclosed in Note 3.4) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Building	50 years
Machinery and equipment	5 - 10 years
Motor vehicles	5 years
Office equipment	5 - 10 years
Computer and software	3 - 5 years
Signboard	6.6 -10 years
Electrical equipment	6.6 - 10 years
Renovation	6.6 - 10 years
Air conditioner	10 years
Fire-fighting system	10 years
Furniture and fittings	10 years

3.4 Leases**Lessee accounting**

The Group presents right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 13.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****3.4 Leases (continued)****Lessee accounting (continued)**Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

3.5 Investment properties

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. All other investment properties are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Buildings	50 years
Leasehold land and building	37 years

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on first-in-first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based in normal operating capacity. These costs are assigned on a weighted average cost basis.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****3.7 Revenue****(a) Sales of goods**

The Group manufactures and sells automotive seats and upholstery products. Revenue from sale of manufactured goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term range from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of combined financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's combined financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's combined financial statements within the next financial year are disclosed as follows:

(a) Impairment of financial assets and contract assets

The impairment provisions for the financial assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(a) Impairment of financial assets and contract assets (continued)

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets. 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 impairment losses on the Group's financial assets and contract assets are disclosed in Note 24(b).

(b) Write-down of slow-moving inventories

The Group writes down its obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amount of the Group's inventories is disclosed in Note 7.

13. ACCOUNTANTS' REPORT (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Note	Building		Machinery and equipment		Motor vehicles		Office equipment		Computer and software		Signboard		Electrical equipment		Renovation		Air conditioner		Fire fighting system		Furniture and fittings		Right-of-use assets		Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2020		-	7,547	1,071	544	1,519	5	389	752	70	49	99	3,245	15,290												
Additions		10,500	1,777	47	33	43	1	734	937	60	-	-	2,843	16,975												
Written-off		-	-	-	(146)	-	(5)	-	(667)	-	-	-	-	(818)												
Reversals		-	-	-	-	-	-	-	-	-	-	-	-	-												
Exchange differences		-	*	*	*	*	-	-	-	-	-	-	(1,345)	(1,345)												
At 31 December 2020		10,500	9,324	1,118	431	1,562	1	1,123	1,022	130	49	99	4,743	30,102												
Accumulated depreciation																										
At 1 January 2020		-	7,108	779	397	1,296	5	386	679	37	8	79	1,263	12,037												
Depreciation charge for the financial year		19	316	87	41	69	-	38	45	9	8	3	1,097	1,823												
Written-off		-	-	-	(128)	-	(5)	-	(665)	-	-	-	-	(798)												
Reversals		-	-	-	-	-	-	-	-	-	-	-	-	-												
Exchange differences		-	*	*	*	*	-	-	-	-	-	-	(1,345)	(1,345)												
At 31 December 2020		110	7,424	866	310	1,365	-	424	59	46	16	82	1,015	11,717												
Net carrying amount																										
At 31 December 2020		10,390	1,900	252	121	197	1	699	963	84	33	17	3,728	18,385												

* Denotes < RM1,000

13. ACCOUNTANTS' REPORT (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cost	Note	Building		Machinery and equipment		Motor vehicles		Office equipment		Computer and software		Signboard		Electrical equipment		Renovation		Air conditioner		Fire fighting system		Furniture and fittings		Right-of-use assets		Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2021		10,500	9,324	1,118	431	1,562	1	1,123	1,022	130	49	99	4,743	30,102												
Addition		-	1,057	63	2	52	14	100	228	-	-	51	3,791	5,358												
Disposals		-	(81)	-	-	-	-	-	-	-	-	-	-	(81)												
Written-off		-	(1,180)	(3)	(157)	(544)	-	(385)	-	(16)	(20)	(8)	-	(2,313)												
Transfer from/(to)		-	-	464	-	-	-	-	(165)	-	-	-	(464)	-												
Reversal of cost	(b)	-	-	-	-	-	-	-	-	-	-	-	-	(165)												
Exchange differences		-	-	2	1	5	-	-	-	-	-	1	12	21												
At 31 December 2021		10,500	9,120	1,644	277	1,075	15	838	1,085	114	29	143	8,082	32,922												
Accumulated depreciation																										
At 1 January 2021		110	7,424	866	310	1,365	-	424	59	46	16	82	1,015	11,717												
Depreciation charge for the financial year		205	487	192	30	73	-	102	163	12	8	4	1,270	2,546												
Disposals		-	(81)	-	-	-	-	-	-	-	-	-	-	(81)												
Written-off		-	(1,166)	(3)	(134)	(539)	-	(384)	-	(16)	(4)	(8)	-	(2,254)												
Transfer from/(to)		-	-	252	-	-	-	-	-	-	-	-	(252)	-												
Exchange differences		-	-	2	1	5	-	-	-	-	-	1	1	10												
At 31 December 2021		315	6,664	1,309	207	904	-	142	222	42	20	79	2,034	11,938												
Net carrying amount																										
At 31 December 2021		10,185	2,456	335	70	171	15	696	863	72	9	64	6,048	20,984												

13. ACCOUNTANTS' REPORT (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Building RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Computer and software RM'000	Signboard RM'000	Electrical equipment RM'000	Renovation RM'000	Air conditioner RM'000	Fire fighting system RM'000	Furniture and fittings RM'000	(a) Right-of-use assets RM'000	Total RM'000
Cost														
At 1 January 2022		10,500	9,120	1,644	277	1,075	15	838	1,085	114	29	143	8,082	32,922
Reclassification		-	(3)	-	19	-	1	3	(1)	32	-	(51)	-	-
Addition		-	1,425	946	434	115	-	145	83	-	-	-	76	3,224
Disposals		-	(36)	(144)	-	(26)	-	-	-	(2)	-	-	-	(208)
Written-off		-	(7)	(95)	-	(2)	-	-	-	(3)	-	-	-	(107)
Transfer from/(to)		-	954	1,284	-	-	-	-	-	-	-	-	(2,238)	-
Exchange differences		-	1	54	2	22	-	-	-	-	-	4	23	106
At 31 December 2022		10,500	11,454	3,689	732	1,184	16	986	1,167	141	29	96	5,943	35,937
Accumulated depreciation														
At 1 January 2022		315	6,664	1,309	207	904	*	142	222	42	20	79	2,034	11,938
Reclassification		-	-	-	-	-	-	-	-	1	-	(1)	-	-
Depreciation charge for the financial year		-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	19	210	887	516	38	79	2	122	166	14	6	2	1,273	3,315
Written-off		-	(36)	(127)	-	(26)	-	-	-	(2)	-	-	-	(191)
Transfer from/(to)		-	(7)	(95)	-	(2)	-	-	-	(3)	-	-	-	(107)
Exchange differences		-	572	397	-	-	-	-	-	-	-	-	(969)	-
		-	-	19	2	21	-	-	-	-	-	4	7	53
At 31 December 2022		525	8,080	2,019	247	976	2	264	388	52	26	84	2,345	15,008
Net carrying amount														
At 31 December 2022		9,975	3,374	1,670	485	208	14	722	779	89	3	12	3,598	20,929

* Denotes < RM1,000

13. ACCOUNTANTS' REPORT (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cost	Note	Building RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Computer and software RM'000	Signboard RM'000	Electrical equipment RM'000	Renovation RM'000	Air conditioner RM'000	Fire fighting system RM'000	Furniture and fittings RM'000	(a) Right-of-use assets RM'000	Total RM'000
At 1 January 2023		10,500	11,454	3,689	732	1,184	16	986	1,167	141	29	96	5,943	35,937
Addition		13,783	1,933	831	74	66	-	396	48	3	-	-	10,148	27,282
Disposals		-	-	(618)	(2)	(15)	-	-	-	-	-	-	-	(635)
Written-off		-	(67)	-	(18)	(259)	-	-	-	(2)	-	-	-	(346)
Derecognition due to end of lease term		-	-	-	-	-	-	-	-	-	-	-	(423)	(423)
Lease modification		-	-	-	-	-	-	-	-	-	-	-	(2,197)	(2,197)
Elimination		-	-	-	-	19	-	-	-	-	-	-	-	19
Exchange differences		-	1	46	2	24	-	-	-	-	-	4	17	94
At 31 December 2023		24,283	13,321	3,948	788	1,019	16	1,382	1,215	142	29	100	13,488	59,731

**Accumulated
depreciation**

At 1 January 2023		525	8,080	2,019	247	976	2	264	388	52	26	84	2,345	15,008
Depreciation charge for the financial year	19	210	1,155	506	64	78	2	144	178	13	3	3	2,048	4,404
Disposals		-	-	(329)	(2)	(11)	-	-	-	-	-	-	-	(342)
Written-off		-	(67)	-	(16)	(259)	-	-	-	(1)	-	-	-	(343)
Derecognition due to end of lease term		-	-	-	-	-	-	-	-	-	-	-	(423)	(423)
Lease modification		-	-	-	-	-	-	-	-	-	-	-	(1,272)	(1,272)
Elimination		-	-	-	-	19	-	-	-	-	-	-	-	19
Exchange differences		-	1	19	2	24	-	-	*	-	-	4	(4)	46
At 31 December 2023		735	9,169	2,215	295	827	4	408	566	64	29	91	2,694	17,097

Net carrying amount

At 31 December 2023		23,548	4,152	1,733	493	192	12	974	649	78	-	9	10,794	42,634
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* Denotes < RM1,000

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(a) Right-of-use assets**

Information about leases for which the Group is lessee is presented below:

	Land RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Factory buildings RM'000	Total RM'000
At 1 January 2020	-	764	720	498	1,982
Additions	1,743	-	671	429	2,843
Depreciation	(145)	(191)	(199)	(562)	(1,097)
At 31 December 2020	1,598	573	1,192	365	3,728
Additions	-	-	164	3,627	3,791
Transfer to property, plant and equipment	-	-	(212)	-	(212)
Depreciation	(290)	(191)	(219)	(570)	(1,270)
Exchange differences	-	-	8	3	11
At 31 December 2021	1,308	382	933	3,425	6,048
Transfer to property, plant and equipment	-	(382)	(887)	-	(1,269)
Additions	-	-	40	36	76
Depreciation	(290)	-	(36)	(947)	(1,273)
Exchange differences	-	-	-	16	16
At 31 December 2022	1,018	-	50	2,530	3,598
Additions	6,099	1,914	-	2,135	10,148
Lease modification	(798)	-	-	(127)	(925)
Depreciation	(269)	(486)	(39)	(1,254)	(2,048)
Exchange differences	-	-	-	21	21
At 31 December 2023	6,050	1,428	11	3,305	10,794

The Group leases land and factory buildings for its office space and operations. The leases for office space and operations generally have lease term of two (2) to thirty (30) years.

The Group leases machinery and equipment with lease term of three (3) years and has the option to purchase the assets at the end of the contract term.

The Group also leases motor vehicles with lease term of three (3) to seven (7) years and has the option to purchase certain motor vehicles at the end of the contract term.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(b) Reversal of cost**

During the financial year 31 December 2022, there was a reversal of cost of renovation recognised in the previous financial year amounting to RM165,297 due to discount given by the contractor due to defect works.

6. INVESTMENT PROPERTIES

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<u>31 December 2020</u>				
Cost				
At 1 January 2020	462	7,340	2,065	9,867
Accumulated depreciation				
At 1 January 2020	-	657	257	914
Depreciation charge for the financial year	-	198	54	252
At 31 December 2020	-	855	311	1,166
Carrying amount				
At 31 December 2020	462	6,485	1,754	8,701

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**6. INVESTMENT PROPERTIES (CONTINUED)**

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<u>31 December 2021</u>				
Cost				
At 1 January 2021	462	7,340	2,065	9,867
Accumulated depreciation				
At 1 January 2021	-	855	311	1,166
Depreciation charge for the financial year	-	198	54	252
At 31 December 2021	-	1,053	365	1,418
Carrying amount				
At 31 December 2021	462	6,287	1,700	8,449
<u>31 December 2022</u>				
Cost				
At 1 January 2022	462	7,340	2,065	9,867
Accumulated depreciation				
At 1 January 2022	-	1,053	365	1,418
Depreciation charge for the financial year	-	198	54	252
At 31 December 2022	-	1,251	419	1,670
Carrying amount				
At 31 December 2022	462	6,089	1,646	8,197

13. ACCOUNTANTS' REPORT (CONT'D)
FEYTECH HOLDINGS BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
6. INVESTMENT PROPERTIES (CONTINUED)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
31 December 2023				
Cost				
At 1 January 2023	462	7,340	2,065	9,867
Accumulated depreciation				
At 1 January 2023	-	1,251	419	1,670
Depreciation charge for the financial year	-	198	54	252
At 31 December 2023	-	1,449	473	1,922
Carrying amount				
At 31 December 2023	462	5,891	1,592	7,945

(a) Assets pledged as security

Freehold land and building with an aggregate carrying amount of RM581,620 (2022: RM586,224, 2021: RM590,827 and 2020: RM595,431) has been pledged as security to secure banking facilities of the Group as disclosed in Note 13.

Leasehold land and building with an aggregate carrying amount of RM7,364,722 (2022: RM7,611,585, 2021: RM7,858,447 and 2020: RM8,105,309) has been pledged as security to secure banking facilities of the Group as disclosed in Note 13.

The following are recognised in profit or loss in respect of investment properties:

	← As at 31 December →			
	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Rental income	745	781	853	872
Direct operating expenses:				
- income generating investment properties	28	28	28	31

Fair value information

The fair value of investment properties of approximately RM19,169,000 (2022: RM14,584,000, 2021: RM11,730,000 and 2020: RM10,818,000) is categorised at Level 2 of fair value hierarchy.

There are no Level 1 and Level 3 investment property or transfer between Level 1, Level 2 and Level 3 during the financial years ended 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**6. INVESTMENT PROPERTIES (CONTINUED)****Level 2 fair value**

Level 2 fair values of buildings have been derived using sales comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable buildings.

Valuation processes applied by the Group

The Group's finance department includes a team that performs valuation analysis of land required for financial reporting purposes, including Level 2 fair values. This team reports directly to the directors.

Highest and best use

In estimating the fair value of the property, the highest and best use of the property is its current use.

7. INVENTORIES

	As at 31 December			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
At lower of cost and net realisable value:				
Raw materials	11,765	9,432	20,144	31,179
Work-in-progress	668	671	984	983
Finished goods	5,456	4,782	7,281	7,082
Goods in transit	1,232	998	6,511	5,838
	19,121	15,883	34,920	45,082
Inventories recognised as expenses	37,255	38,526	51,829	102,109

The cost of inventories of the Group recognised as an expense during the financial year in respect of write-off of inventories was RM2,222,556 (2022: RM34,809, 2021: RM22,386 and 2020: RM186,025).

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**8. TRADE AND OTHER RECEIVABLES**

	Note	← As at 31 December →			
		2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Trade	(a)				
- Related party		311	-	-	-
- Third parties		20,667	25,580	33,651	39,982
Less: Impairment losses on trade receivables		-	-	(544)	(535)
		20,978	25,580	33,107	39,447
Non-trade					
Other receivables		387	1,234	2,755	821
Deposits		152	422	691	510
Prepayments		343	335	3,579	1,594
Amount owing by related parties	(b)	363	10,382	8,626	-
Amount owing by a director	(b)	-	-	2,000	-
		1,245	12,373	17,651	2,925
Total trade and other receivables		22,223	37,953	50,758	42,372

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group is 30 to 90 days (2022: 30 to 90 days, 2021: 30 to 90 days and 2020: 30 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	← As at 31 December →			
	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
At 1 January	-	-	-	544
Charge for the financial year	-	-	544	-
Reversal during the financial year	-	-	-	(6)
Written off	-	-	-	(20)
Exchange differences	-	-	-	17
At 31 December	-	-	544	535

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Amount owing by related parties and a director

Amount owing by related parties and a director are unsecured, non-trade in nature, repayable on demand and are expected to be settled in cash.

Amount owing by related parties are non-interest bearing, other than the amount owing by a related party of Nil (2022: RM8,151,184, 2021: RM10,098,296 and 2020: RM135,264) bearing interest rate of Nil (2022, 2021 and 2020: 3.90%).

The information about the credit exposure is disclosed in Note 24(b)(i).

9. CONTRACT ASSETS

	← 2020 RM'000	As at 31 December 2021 RM'000	2022 RM'000	→ 2023 RM'000
Contract assets relating to timing differences between recognition of revenue and issuance of invoices	-	-	62	57

Significant changes in contract balances

	← 2020 RM'000	As at 31 December 2021 RM'000	2022 RM'000	→ 2023 RM'000
Increase due to revenue recognised for unbilled goods transferred to customers during the financial year	-	-	62	57
Transfer from contract assets recognised at the beginning of financial year to receivables	-	-	-	(62)

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**10. CASH AND SHORT-TERM DEPOSITS**

	←	As at 31 December		→
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Cash in hand	15	5	5	5
Cash at banks	28,176	29,780	30,378	62,506
Short-term deposits	220	224	228	232
	28,411	30,009	30,611	62,743

- (i) For the purpose of the combined statements of cash flows, cash and cash equivalents comprise of the following:

	←	As at 31 December		→
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Short-term deposits	220	224	228	232
Less: Pledged deposits	(220)	(224)	(228)	(232)
	-	-	-	-
Cash and bank balances	28,191	29,785	30,383	62,511
	28,191	29,785	30,383	62,511

Included in the fixed deposits with a licensed bank of the Group is an amount of RM231,928 (2022: RM227,739, 2021: RM224,153 and 2020: RM220,510) pledged as security for term loan as disclosed in Note 13 to the financial statements.

- (ii) During the financial years under review, the Group made the following cash payments to purchase property, plant and equipment.

	←	As at 31 December		→
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment	16,975	5,358	3,224	27,282
Operating lease recognised as right-of-use assets	(2,172)	(3,678)	(76)	(8,235)
Financed by way of loan arrangements	(4,000)	-	-	-
Financed by way of lease arrangements	(428)	(101)	(410)	(500)
	10,375	1,579	2,738	18,547

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

10. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

(iii) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1.1.2020	Cash flows	Non-cash	31.12.2020
	RM'000	RM'000	Others	RM'000
			RM'000	
Term loans	6,898	2,891	4,000	13,789
Lease liabilities	1,215	(1,074)	2,600	2,741
Amount owing by related parties	(6,057)	5,694	-	(363)
Amount owing (by)/to directors	(504)	526	-	22
	<u>1,552</u>	<u>8,037</u>	<u>6,600</u>	<u>16,189</u>

	1.1.2021	Cash flows	Non-cash	31.12.2021
	RM'000	RM'000	Others	RM'000
			RM'000	
Term loans	13,789	(1,537)	-	12,252
Lease liabilities	2,741	(1,114)	3,779	5,406
Amount owing by related parties	(363)	(10,019)	-	(10,382)
Amount owing to shareholders	-	2,541	-	2,541
Amount owing to director	22	(22)	-	-
	<u>16,189</u>	<u>(10,151)</u>	<u>3,779</u>	<u>9,817</u>

	1.1.2022	Cash flows	Non-cash	31.12.2022
	RM'000	RM'000	Others	RM'000
			RM'000	
Term loans	12,252	(2,725)	-	9,527
Lease liabilities	5,406	(1,392)	486	4,500
Amount owing by related parties	(10,382)	1,756	-	(8,626)
Amount owing to shareholders	2,541	1,221	-	3,762
Amount owing by directors	-	(1,989)	-	(1,989)
	<u>9,817</u>	<u>(3,129)</u>	<u>486</u>	<u>7,174</u>

	1.1.2023	Cash flows	Non-cash	31.12.2023
	RM'000	RM'000	Others	RM'000
			RM'000	
Term loans	9,527	8,590	-	18,117
Lease liabilities	4,500	(1,930)	7,704	10,274
Amount owing (by)/to related parties	(8,626)	8,627	-	1
Amount owing to shareholders	3,762	(3,762)	-	-
Amount owing by directors	(1,989)	1,989	-	-
	<u>7,174</u>	<u>13,514</u>	<u>7,704</u>	<u>28,392</u>

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13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

11. INVESTED EQUITY

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of the combining entities constituting the Group.

The invested equity constitutes the share capital of Feytech Holdings Berhad, Gosford Leather Industries Sdn. Bhd., Trimex Distribution (M) Sdn. Bhd., Feytech Sdn. Bhd., Gosford Leather Trim (S) Pte. Ltd. and Trimex Automotive (Aus) Pty. Ltd.

12. TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**13. LOANS AND BORROWINGS**

	Notes	← As at 31 December →			
		2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Non-current:					
Secured					
Term loans	(a)				
- I		3,467	3,055	2,464	2,288
- II		305	245	180	-
- III		5,781	5,417	4,960	4,533
- IV		1,596	1,182	-	-
- V		1,106	819	539	-
- VI		-	-	-	9,767
		12,255	10,718	8,143	16,588
Lease liabilities	(b)	2,059	3,818	3,002	8,554
		14,314	14,536	11,145	25,142
Current:					
Secured					
Term loans	(a)				
- I		400	400	592	367
- II		61	60	65	-
- III		359	333	396	429
- IV		421	437	-	-
- V		293	304	331	-
- VI		-	-	-	733
		1,534	1,534	1,384	1,529
Lease liabilities	(b)	682	1,588	1,498	1,720
		2,216	3,122	2,882	3,249
Total loans and borrowings:					
Term loans	(a)	13,789	12,252	9,527	18,117
Lease liabilities	(b)	2,741	5,406	4,500	10,274
		16,530	17,658	14,027	28,391

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**13. LOANS AND BORROWINGS (CONTINUED)****(a) Term loans**

- (i) Term loan I of the Group bears interest at 4.79% (2022: 4.37%, 2021: 3.31% and 2020: 3.33%) per annum and is repayable by monthly instalments over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) All monies charge over the freehold land of a related party; and
(ii) Joint and several guarantee by a director.

- (ii) Term loan II of the Group bears interest at 4.50% (2022: 3.45%, 2021 and 2020: 4.16%) per annum and is repayable by monthly instalments over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over the freehold investment property of the Group as disclosed in Note 6; and
(ii) Joint and several guarantee by the Group's directors.

Term loan II of the Group has been settled during the financial year ended 31 December 2023.

- (iii) Term loan III of the Group bears interest at 4.50% (2022: 4.25%, 2021 and 2020: 4.50%) per annum and is repayable by monthly instalments over seventeen years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over the leasehold investment property of the Group as disclosed in Note 6;
(ii) Joint and several guarantee by the Group's directors; and
(iii) Short-term deposits pledged with the licensed banks.

- (iv) Term loan IV of the Group bears interest at Nil (2022: Nil, 2021 and 2020: 2.50%) per annum and is repayable by monthly instalments over five years commencing from the day of first drawdown and is secured and guaranteed by a director.

Term loan IV of the Group has been settled during the financial year ended 31 December 2022.

- (v) Term loan V of the Group bears interest at Nil (2022, 2021 and 2020: 2.25%) per annum and is repayable by monthly instalments over five years commencing from the day of first drawdown and guaranteed by a director.

Term loan V of the Group has been settled during the financial year ended 31 December 2023.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**13. LOANS AND BORROWINGS (CONTINUED)****(a) Term loans (continued)**

(vi) Term loan VI of the Group bears interest at 4.91% (2022, 2021 and 2020: Nil) per annum and is repayable by monthly instalments over fifteen years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over the freehold land of the Group;
- (ii) Open all monies facility agreement; and
- (iii) Corporate guarantee by its related company.

(b) Lease liabilities

Certain machinery and equipment and motor vehicles of the Group as disclosed in Note 5(a) are pledged for finance leases. The effective interest rates implicit in the leases ranges from 3.57% to 7.20% (2022: 3.57% to 4.67%, 2021: 3.57% to 7.46% and 2020: 3.57% to 8.12%).

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	← As at 31 December →			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments:				
Not later than one year	837	1,604	1,680	1,929
Later than one year and not later than five years	2,251	4,315	3,209	4,329
Later than five years	102	54	-	8,880
	3,190	5,973	4,889	15,138
Less: Future finance charges	(449)	(567)	(389)	(4,864)
Present value of lease payments	2,741	5,406	4,500	10,274
Present value of minimum lease payments payable:				
Not later than one year	682	1,588	1,498	1,720
Later than one year and not later than five years	1,969	3,774	3,002	3,046
Later than five years	90	44	-	5,508
	2,741	5,406	4,500	10,274
Less: Amount due within twelve months	(682)	(1,588)	(1,498)	(1,720)
Amount due after twelve months	2,059	3,818	3,002	8,554

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**14. DEFERRED TAX (ASSETS)/ LIABILITIES**

	As at 1 January 2020 RM'000	Recognised in in profit or loss RM'000 (Note 21)	As at 31 December 2020 RM'000
Deferred tax assets:			
Lease liabilities	-	(8)	(8)
Deferred tax liabilities:			
Property, plant and equipment	386	(210)	176
	386	(218)	168
	As at 1 January 2021 RM'000	Recognised in in profit or loss RM'000 (Note 21)	As at 31 December 2021 RM'000
Deferred tax assets:			
Lease liabilities	(8)	(12)	(20)
Deferred tax liabilities:			
Property, plant and equipment	176	560	736
	168	548	716
	As at 1 January 2022 RM'000	Recognised in in profit or loss RM'000 (Note 21)	As at 31 December 2022 RM'000
Deferred tax assets:			
Lease liabilities	(20)	5	(15)
Impairment losses on trade receivables	-	(106)	(106)
	(20)	(101)	(121)
Deferred tax liabilities:			
Property, plant and equipment	736	(26)	710
	716	(127)	589

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

14. DEFERRED TAX (ASSETS)/ LIABILITIES (CONTINUED)

	As at 1 January 2023 RM'000	Recognised in in profit or loss RM'000 (Note 21)	As at 31 December 2023 RM'000
Deferred tax assets:			
Lease liabilities	(15)	(16)	(31)
Impairment losses on trade receivables	(106)	(3)	(109)
	(121)	(19)	(140)
Deferred tax liabilities:			
Property, plant and equipment	710	442	1,152
	589	423	1,012
	← As at 31 December →		
	2020 RM'000	2021 RM'000	2022 RM'000
	2023 RM'000		
Presented after appropriate offsetting as follows:			
Deferred tax assets	-	-	(33)
Deferred tax liabilities	168	716	622
	168	716	589
	1,012	1,012	1,012

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**15. TRADE AND OTHER PAYABLES**

	Note	← As at 31 December →			
		2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Current:					
Trade					
Trade payables	(a)	5,074	6,972	10,936	19,747
Non-trade					
Other payables		259	807	2,657	2,689
Accruals		1,988	2,807	11,464	20,110
Dividend payables		10,022	8,962	13,982	-
Deposits received		235	246	234	237
Amount owing to related parties	(b)	7	-	-	1
Amount owing to a director	(b)	22	-	11	-
Amount owing to shareholders	(b)	-	2,541	3,762	-
Goods and service tax ("GST") payables		39	8	38	49
Sales and service tax ("SST") payables		-	77	74	161
		12,572	15,448	32,222	23,247
Total trade and other payables		17,646	22,420	43,158	42,994

(a) Trade payables

Trade payables of the Group are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 60 days (2022: 30 to 60 days, 2021: 30 to 60 days and 2020: 30 to 60 days).

(b) Amount owing to related parties, a director and shareholders

Amount owing to related parties, a director and shareholders are unsecured, non-trade in nature, non-interest bearing and repayment upon demand.

Amount owing to a director and shareholders have been fully repaid during the financial year ended 31 December 2023.

For explanation on the Group's liquidity risk management processes, refer to Note 24(b)(ii).

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**16. REVENUE**

	←	FYE 31 December		→
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
<u>Timing of revenue recognition</u>				
At a point in time:				
Sale of goods	79,368	85,179	126,877	211,223

17. OTHER INCOME

	←	FYE 31 December		→
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Delivery charges	512	585	502	406
Gain on disposal of property plant and equipment	-	26	12	267
Gain on lease modification	-	-	-	106
Interests income	523	758	776	694
Rental income	752	793	865	872
Miscellaneous	173	219	248	247
Management fee	38	42	42	-
Scrap sales	14	25	38	99
COVID-19-related rent concession income	-	123	141	-
Wages subsidy	488	332	199	32
Reversal of impairment loss on trade receivable	-	-	-	*
Net realised gain on foreign exchange	-	-	70	-
Net unrealised gain on foreign exchange	-	13	-	590
	2,500	2,916	2,893	3,313

* Denotes < RM1,000

13. ACCOUNTANTS' REPORT (CONT'D)
FEYTECH HOLDINGS BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
18. FINANCE COSTS

	←	FYE 31 December		→
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- Term loans	362	350	369	714
- Lease liabilities	115	239	231	297
	477	589	600	1,011

19. PROFIT BEFORE TAX

Other than as disclosed elsewhere in the combined financial statements, the following items have been charged in arriving at profit before tax:

		←	FYE 31 December		→
	Note	2020	2021	2022	2023
		RM'000	RM'000	RM'000	RM'000
Auditors' remuneration					
- current year		88	94	124	229
- prior year		(13)	-	(2)	3
Depreciation of property, plant and equipment	5	1,823	2,546	3,315	4,404
Depreciation of investment properties	6	252	252	252	252
Inventories written off		186	22	35	2,223
Bad debts written off		-	157	15	21
Impairment losses on trade receivables	8	-	-	544	-
Incorporation expenses		-	-	-	4
Loss on disposal of property, plant and equipment		-	-	-	*
Property, plant and equipment written off		20	59	*	3
Employee benefits expense		13,558	13,209	19,687	25,686
Net realised loss on foreign exchange		115	32	325	473
Net unrealised loss on foreign exchange		244	1	290	-
Rental expense on:					
- Factory		127	419	276	-
- Hostel		7	10	40	73
- Motor vehicles		4	-	10	33
- Office equipment		7	9	20	13
- Car park		4	6	6	4

* Denotes < RM1,000

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**20. EMPLOYEE BENEFITS EXPENSE**

	← FYE 31 December →			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Salaries and other staff benefits	12,216	11,852	17,320	23,068
Defined contribution plans	585	610	1,004	1,373
Other staff related expenses	757	747	1,363	1,245
	13,558	13,209	19,687	25,686
Included in the employee benefits expenses are:				
Directors' salaries, bonuses and allowances	997	1,001	946	2,055
Defined contribution plans	55	38	163	180
Other related expenses	2	17	21	5
	1,054	1,056	1,130	2,240

21. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 are as follows:

	← FYE 31 December →			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	3,907	6,549	9,547	15,772
- Adjustment in respect of prior financial years	(62)	(475)	(22)	(9)
	3,845	6,074	9,525	15,763
Deferred tax: (Note 14)				
- (Reversal)/ Origination of temporary differences	(31)	63	(112)	80
- Adjustment in respect of prior financial years	(187)	485	(15)	343
	(218)	548	(127)	423
Income tax expense recognised in profit or loss	3,627	6,622	9,398	16,186

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**21. INCOME TAX EXPENSE (CONTINUED)**

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial years.

The reconciliations from the tax amount at the statutory income tax rate to the Group's tax expenses are as follows:

	←	FYE 31 December		→
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax	21,755	25,671	36,991	60,062
Tax at Malaysian statutory income tax rate of 24%	5,221	6,161	8,878	14,415
Different tax rates in different countries	*	(4)	6	22
Adjustments:				
Non-deductible expenses	138	484	464	1,420
Non-taxable income	(16)	-	(2)	-
Tax incentives	(1,477)	-	-	-
Tax exemption	-	(14)	(30)	(5)
Adjustment in respect of current income tax of prior years	(62)	(475)	(22)	(9)
Deferred tax assets not recognised on tax losses and temporary differences	10	-	119	-
Adjustment in respect of deferred tax of prior years	(187)	485	(15)	343
Utilisation of previously unrecognised deferred tax assets	-	(15)	-	-
Income tax expense	3,627	6,622	9,398	16,186

* Denotes < RM1,000

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**21. INCOME TAX EXPENSE (CONTINUED)**Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	← As at 31 December →			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	694	630	640	687
Unabsorbed capital allowance	23	-	474	-
	717	630	1,114	687

Deferred tax assets have not been recognised in respect of the above items as there is no profitable future taxable profits will be available against which the unused tax losses can be utilised.

22. EARNINGS PER SHARE**Basic earnings per ordinary share**

Basic earnings per ordinary share are based on the profit for the financial years attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial years, calculated as follows:

	← FYE 31 December →			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Profit attributable to the owners of the Group	18,128	19,049	27,593	43,876
Weighted average number of ordinary shares for basic and diluted earnings per share	1,441	1,741	1,741	1,741
Basic earnings per ordinary share (sen)	1,258.02	1,094.14	1,584.89	2,520.16

Diluted earnings per share

The diluted earnings per ordinary share is not applicable as the Company does not have potential dilutive equity instrument in issue as at the end of the each of the financial years that have dilutive effect to the basic earnings per ordinary share.

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

23. DIVIDENDS

	←	As at 31 December		→
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Recognised during the financial year:				
Dividends on ordinary shares:				
Single-tier interim dividend of RM16.70 per ordinary share in respect of financial year ended 31 December 2020, paid on 13 April 2021, 1 October 2021, 9 November 2021, 5 December 2021 and 19 January 2022.				
	10,022	-	-	-
Single-tier interim dividend of RM23.52 per ordinary share in respect of financial year ended 31 December 2020, paid on 6 March 2020.				
	1,881	-	-	-
Single-tier interim dividend of RM16.30 per ordinary share in respect of financial year ended 31 December 2021, paid on 2 August 2021, 4 March 2022, 9 May 2022 and 31 July 2022.				
	-	9,782	-	-
Single-tier interim dividend of RM25.00 per ordinary share in respect of financial year ended 31 December 2022, paid on 21 September 2022 and 1 April 2023.				
	-	-	15,003	-
Single-tier final dividend of RM18.75 per ordinary share in respect of financial year ended 31 December 2023 paid on 6 July 2023.				
	-	-	-	1,500
	<u>11,903</u>	<u>9,782</u>	<u>15,003</u>	<u>1,500</u>

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

The following table analyses the financial instruments in the combined statements of financial position by the classes of financial instruments to which they are assigned at amortised cost:

(i) Amortised cost

	Carrying amount RM'000	Amortised cost RM'000
At 31 December 2020		
Financial assets		
Trade and other receivables, less prepayments	21,880	21,880
Cash and short-term deposits	28,411	28,411
	<u>50,291</u>	<u>50,291</u>
Financial liabilities		
Loans and borrowings	(16,530)	(16,530)
Trade and other payables, less GST payables	(17,607)	(17,607)
	<u>(34,137)</u>	<u>(34,137)</u>
At 31 December 2021		
Financial assets		
Trade and other receivables, less prepayments	37,618	37,618
Cash and short-term deposits	30,009	30,009
	<u>67,627</u>	<u>67,627</u>
Financial liabilities		
Loans and borrowings	(17,658)	(17,658)
Trade and other payables, less GST and SST payables	(22,335)	(22,335)
	<u>(39,993)</u>	<u>(39,993)</u>

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Categories of financial instruments (continued)**

The following table analyses the financial instruments in the combined statements of financial position by the classes of financial instruments to which they are assigned at amortised cost (continued)

(i) Amortised cost (continued)

	Carrying amount RM'000	Amortised cost RM'000
At 31 December 2022		
Financial assets		
Trade and other receivables, less prepayments	47,179	47,179
Cash and short-term deposits	30,611	30,611
	<u>77,790</u>	<u>77,790</u>
Financial liabilities		
Loans and borrowings	(14,027)	(14,027)
Trade and other payables, less GST and SST payables	(43,046)	(43,046)
	<u>(57,073)</u>	<u>(57,073)</u>
At 31 December 2023		
Financial assets		
Trade and other receivables, less prepayments	40,778	40,778
Cash and short-term deposits	62,743	62,743
	<u>103,521</u>	<u>103,521</u>
Financial liabilities		
Loans and borrowings	(28,391)	(28,391)
Trade and other payables, less GST and SST payables	(42,784)	(42,784)
	<u>(71,175)</u>	<u>(71,175)</u>

The Group's activities are 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, foreign currency risk and interest rate risk. The Group's overall financial risk management objective is to optimise value for its shareholders. The Group does not trade in financial instruments.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Categories of financial instruments (continued)**

The following table analyses the financial instruments in the combined statements of financial position by the classes of financial instruments to which they are assigned at amortised cost (continued)

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management.

(b) Financial risk management**(i) Credit risk**

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk arises primarily from trade and other receivables. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the combined statements of financial position.

The carrying amounts of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

At the end of the reporting period, the Group has a significant concentration of credit risk in the form of three (3) (2022: six (6), 2021 and 2020: four (4)) trade receivables, representing approximately 62% (2022: 87%, 2021: 84% and 2020: 77%) of the Group's total trade receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables. To measure the impairment losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward-looking information.

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	Contract assets RM'000	Current RM'000	Trade receivables					Total RM'000
			1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	91 to 120 days past due RM'000	> 120 days past due RM'000	
At 31 December 2020								
Gross carrying amount at default	-	5,943	8,789	2,269	2,988	81	908	20,978
Impairment losses	-	-	-	-	-	-	-	-
Net balance	-	5,943	8,789	2,269	2,988	81	908	20,978
At 31 December 2021								
Gross carrying amount at default	-	15,740	4,765	3,703	326	51	995	25,580
Impairment losses	-	-	-	-	-	-	-	-
Net balance	-	15,740	4,765	3,703	326	51	995	25,580

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows: (continued)

	Contract assets RM'000	Current RM'000	Trade receivables					Total RM'000
			1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	91 to 120 days past due RM'000	> 120 days past due RM'000	
At 31 December 2022								
Gross carrying amount at default	62	29,377	2,746	412	169	22	925	33,651
Impairment losses	-	-	-	-	(2)	(3)	(539)	(544)
Net balance	62	29,377	2,746	412	167	19	386	33,107
At 31 December 2023								
Gross carrying amount at default	57	24,020	10,043	4,470	252	430	767	39,982
Impairment losses	-	-	-	-	-	-	(535)	(535)
Net balance	57	24,020	10,043	4,470	252	430	232	39,447

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Other receivables and other financial assets**

For other receivables and other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than credit terms in making a contractual payment.

Intercompany loans between related parties are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group will consider the expected manner of recovery and recovery period of the intercompany loan.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Other receivables and other financial assets (continued)**

The Group did not recognise any loss allowance for impairment for other receivables and other financial assets throughout the financial years under review.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's exposure to liquidity risk arises principally from trade and other payables and loans and borrowings.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	← Contractual cash flows →				Total RM'000
	Carrying amount RM'000	On demand or within one year RM'000	Between one to five years RM'000	More than five years RM'000	
At 31 December 2020					
Term loans	13,789	1,996	7,574	6,525	16,095
Lease liabilities	2,741	837	2,251	102	3,190
Trade and other payables					
less GST payables	17,607	17,607	-	-	17,607
Financial guarantees	9,360	-	-	-	-
	43,497	20,440	9,825	6,627	36,892

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(ii) Liquidity risk (continued)**Maturity analysis

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (continued)

	← Contractual cash flows →				Total RM'000
	Carrying amount RM'000	On demand or within one year RM'000	Between one to five years RM'000	More than five years RM'000	
At 31 December 2021					
Term loans	12,252	1,965	7,156	5,640	14,761
Lease liabilities	5,406	1,604	4,315	54	5,973
Trade and other payables					
less GST and SST payables	22,335	22,335	-	-	22,335
Financial guarantees	9,360	-	-	-	-
	49,353	25,904	11,471	5,694	43,069
At 31 December 2022					
Term loans	9,527	1,531	5,050	4,736	11,317
Lease liabilities	4,500	1,680	3,209	-	4,889
Trade and other payables					
less GST and SST payables	43,046	43,046	-	-	43,046
Financial guarantees	8,160	-	-	-	-
	65,233	46,257	8,259	4,736	59,252
At 31 December 2023					
Term loans	18,117	2,218	6,246	14,082	22,546
Lease liabilities	10,274	1,929	4,329	8,880	15,138
Trade and other payables					
less GST and SST payables	42,784	42,784	-	-	42,784
Financial guarantees	10,621	-	-	-	-
	81,796	46,931	10,575	22,962	80,468

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Interest rate risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial years.

	Carrying amount RM'000	Change in basis point	Effect on profit for the financial year RM'000
31 December 2020			
Term loans	10,373	+ 50	(39)
		- 50	39
31 December 2021			
Term loans	9,510	+ 50	(36)
		- 50	36
31 December 2022			
Term loans	8,657	+ 50	(33)
		- 50	33
31 December 2023			
Term loans	18,117	+ 50	(69)
		- 50	69

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Foreign currency risk**

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and bank balances that are denominated in a foreign currency).

Management has set up a policy that requires all companies within the Group to manage its treasury activities and exposures. The Group also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	←	As at 31 December		→
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Financial assets not held in functional currencies				
<u>Trade and other receivables</u>				
Australian Dollar ("AUD")	150	48	42	4
Chinese Renminbi ("RMB")	24	-	95	-
Singapore Dollar ("SGD")	15	12	48	87
New Zealand Dollar ("NZD")	495	245	152	42
United States Dollar ("USD")	70	693	1	437
Euro ("EUR")	-	2	915	-
Korean Won ("KRW")	-	-	987	-
	754	1,000	2,240	570

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Foreign currency risk (continued)**

	← As at 31 December →			
	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Financial assets not held in functional currencies				
<u>Cash and bank balances</u>				
AUD	386	1,749	2,098	1,588
RMB	212	733	927	320
EUR	8	4	497	6
Japanese Yen ("JPY")	4	4	1,950	2,457
NZD	303	1,424	1,521	217
SGD	718	1,507	276	1,495
USD	979	2,068	3,626	1,655
	2,610	7,489	10,895	7,738
Financial liabilities not held in functional currencies				
<u>Trade and other payables</u>				
AUD	-	-	79	-
RMB	1,674	589	1,273	2,242
EUR	-	-	55	311
USD	49	3	1,194	1,806
KRW	-	177	-	7,044
JPY	-	-	3,080	3,414
Indian Rupee ("INR")	-	-	3	-
SGD	-	-	-	63
	1,723	769	5,684	14,880

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to AUD, RMB, EUR, JPY, NZD, SGD, USD, KRW and INR.

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, RMB, EUR, JPY, NZD, SGD, USD, KRW and INR with all other variables held constant on the Company's total equity and profit for the financial years.

	Change in rate	Effect on profit for the financial year RM'000
31 December 2020		
AUD	+5%	20
	-5%	(20)
RMB	+5%	(55)
	-5%	55
EUR	+5%	*
	-5%	*
JPY	+5%	*
	-5%	*
NZD	+5%	30
	-5%	(30)
SGD	+5%	28
	-5%	(28)
USD	+5%	38
	-5%	(38)

* Denotes < RM1,000

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk (continued)

The Group's principal foreign currency exposure relates mainly to AUD, RMB, EUR, JPY, NZD, SGD, USD, KRW and INR.

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, RMB, EUR, JPY, NZD, SGD, USD, KRW and INR with all other variables held constant on the Company's total equity and profit for the financial years.

	Change in rate	Effect on profit for the financial year RM'000
31 December 2021		
AUD	+5%	68
	-5%	(68)
RMB	+5%	5
	-5%	(5)
EUR	+5%	*
	-5%	*
JPY	+5%	*
	-5%	*
NZD	+5%	63
	-5%	(63)
SGD	+5%	58
	-5%	(58)
USD	+5%	105
	-5%	(105)
KRW	+5%	(7)
	-5%	7

* Denotes < RM1,000

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk (continued)

The Group's principal foreign currency exposure relates mainly to AUD, RMB, EUR, JPY, NZD, SGD USD, KRW and INR.

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, RMB, EUR, JPY, NZD, SGD, USD, KRW and INR with all other variables held constant on the Company's total equity and profit for the financial years.

	Change in rate	Effect on profit for the financial year RM'000
31 December 2022		
AUD	+5%	78
	-5%	(78)
RMB	+5%	(10)
	-5%	10
EUR	+5%	52
	-5%	(52)
JPY	+5%	(43)
	-5%	43
NZD	+5%	64
	-5%	(64)
SGD	+5%	12
	-5%	(12)
USD	+5%	92
	-5%	(92)
KRW	+5%	37
	-5%	(37)
INR	+5%	*
	-5%	*

* Denotes < RM1,000

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk (continued)

The Group's principal foreign currency exposure relates mainly to AUD, RMB, EUR, JPY, NZD, SGD USD, KRW and INR.

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, RMB, EUR, JPY, NZD, SGD, USD, KRW and INR with all other variables held constant on the Company's total equity and profit for the financial years.

	Change in rate	Effect on profit for the financial year RM'000
31 December 2023		
AUD	+5%	60
	-5%	(60)
RMB	+5%	(73)
	-5%	73
EUR	+5%	(12)
	-5%	12
JPY	+5%	(36)
	-5%	36
NZD	+5%	10
	-5%	(10)
SGD	+5%	58
	-5%	(58)
USD	+5%	11
	-5%	(11)
KRW	+5%	(268)
	-5%	268

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value measurement**

The carrying amounts of bank balances, receivables and payables and short-term borrowings are reasonably approximate to their fair value due to relatively short-term nature of these financial instruments.

Other long-term financial liabilities are reasonable approximation of their fair values because they are floating rate instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current lending rates for similar types of arrangements.

It is not practical to determine the fair value of finance lease liabilities which are at fixed rate due to lack of market information of comparable instruments with similar characteristic and risk profile.

Policy on transfer between levels

The fair value of asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

During the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, there was no transfer between the fair value measurement hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**25. COMMITMENTS****Capital commitments**

The Group has made commitments for the following capital expenditures:

	← As at 31 December →			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Capital expenditures contracted but not provided for:				
- Purchase of property, plant and equipment	-	-	1,227	-

26. RELATED PARTIES**(a) Identification of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Entities in which directors have substantial financial interests;
- (ii) Entity in which a shareholder connected to a director of the Group;
- (iii) Shareholder; and
- (iv) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities or indirectly.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**26. RELATED PARTIES (CONTINUED)****(b) Significant related party transactions**

	←	FYE 31 December			→
	2020	2021	2022	2023	
	RM'000	RM'000	RM'000	RM'000	
Sales of goods to					
Entity in which a director has substantial financial interests	311	9	-	-	
Purchase of goods from					
Entity in which a shareholder connected to a director of the Group	152	167	213	6	
Purchase of property, plant and equipment from					
A shareholder	-	-	35	-	
Rental income received from					
Entity in which a director has substantial financial interests	8	12	12	-	
Rental expenses paid to					
Entity in which a director has substantial financial interests	238	476	476	489	
Management fees received from					
Entity in which a director has substantial financial interests	38	42	42	-	
Interest income received from					
Entity in which a director has substantial financial interests	202	367	392	-	

(c) Compensation of key management personnel

	←	FYE 31 December			→
	2020	2021	2022	2023	
	RM'000	RM'000	RM'000	RM'000	
Directors' salaries, bonuses and allowances	997	1,001	946	2,055	
Defined contribution plans	55	38	163	180	
Other related expenses	2	17	21	5	
	1,054	1,056	1,130	2,240	

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13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**27. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023.

The Group monitors capital using gearing ratio, which is total debts divided by total equity of the Group. The gearing ratio as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 are as follows:

		← As at 31 December →			
	Note	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Loans and borrowings	13	16,530	17,658	14,027	28,391
Total debts		<u>16,530</u>	<u>17,658</u>	<u>14,027</u>	<u>28,391</u>
Equity attributable to owners of the Group					
Total equity		<u>63,265</u>	<u>72,803</u>	<u>85,482</u>	<u>127,956</u>
Gearing ratio (times)		<u>0.26</u>	<u>0.24</u>	<u>0.16</u>	<u>0.22</u>

There were no changes in the Group's approach to capital management during the financial years under review.

The Group is not subject to externally imposed capital requirements.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS****(a) Acquisition of land**

On 3 November 2022, Feytech Sdn. Bhd. entered into a sale and purchase agreement to acquire a piece of freehold land for a total consideration of RM13,782,600. The purchase was completed on 6 March 2023.

(b) Acquisition of subsidiaries

On 3 September 2023, the Company entered into Conditional Share Sale Agreements with Go Yoong Chang, Tan Sun Sun, Connie Go and Careen Tan Kai Lin for the acquisition of the following companies pursuant to the proposed listing and restructuring exercise:

(i) Acquisition of Gosford Leather Industries Sdn. Bhd.

The issuance of 77,549,399 new ordinary shares of the Company at an issue price of RM1.00 per share for the acquisition of the entire issued share capital of Gosford Leather Industries Sdn. Bhd..

(ii) Acquisition of Trimex Distribution (M) Sdn. Bhd.

The issuance of 8,290,900 new ordinary shares of the Company at an issue price of RM1.00 per share for the acquisition of the entire issued share capital of Trimex Distribution (M) Sdn. Bhd..

(iii) Acquisition of Feytech Sdn. Bhd.

The acquisition of 100% equity interest (representing 300,000 ordinary shares) in Feytech Sdn. Bhd. for purchase consideration of RM1.

(iv) Acquisition of Gosford Leather Trim (S) Pte. Ltd.

The issuance of 1,165,500 new ordinary shares of the Company at an issue price of RM1.00 per share for the acquisition of the entire issued share capital of Gosford Leather Trim (S) Pte. Ltd..

(v) Acquisition of Trimex Automotive Australia Pty. Ltd.

The issuance of 478,600 new ordinary shares of the Company at an issue price of RM1.00 per share for the acquisition of the entire issued share capital of Trimex Automotive Australia Pty. Ltd..

The acquisition of subsidiaries was completed on 11 March 2024.

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**29. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR****Declaration of dividend**

On 9 January 2024, Gosford Leather Industries Sdn. Bhd. declared first single-tier interim dividend of RM16.70 per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM10,021,670 and paid on 10 January 2024.

On 8 March 2024, Gosford Leather Industries Sdn. Bhd. declared second single-tier interim dividend of RM17.00 per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM10,201,700 and paid on 13 March 2024.

30. SEGMENT INFORMATION

The group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by Directors for the purpose of making decisions about resource allocation and performance assessment.

The four reportable segments are as follows:

Segments	Products
Automotive seat covers	Manufacturing of automotive seats covers
Interior parts covers	Manufacturing of interior parts covers
Automotive seats	Manufacturing of automotive seats
Others	Trading of fabric industrial masks

There is no inter-segment pricing.

Factors used to identify reportable segments

The group is organised into business units based on its business segment purposes.

Segment profit

Segment performance is used to measure performance as Directors believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the combined financial statements.

Segment assets

The total of segment asset is measured based on all of a segment, as included in the internal reports that are reviewed by the Directors.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Directors, hence no disclosures are made on segment liabilities.

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD

 Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
30. SEGMENT INFORMATION (CONTINUED)

	Automotive seats covers RM'000	Interior parts covers RM'000	Automotive seats RM'000	Others RM'000	Total RM'000
31 December 2020					
Revenue:					
Revenue from external customers	59,657	16,789	-	2,922	79,368
Results:					
Included in the measure of segment profit are:					
Depreciation of property, plant and equipment					(1,823)
Rental income					752
Interest income					523
Employee benefits expense					(13,558)
Interest expense					(477)
Segment profit					21,755
Income tax expense					(3,627)
Profit for the financial year					18,128
Assets:					
Addition to non-current assets					16,975
Segment assets					16,975

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

30. SEGMENT INFORMATION (CONTINUED)

	Automotive seats covers RM'000	Interior parts covers RM'000	Automotive seats RM'000	Others RM'000	Total RM'000
31 December 2021					
Revenue:					
Revenue from external customers	63,657	21,522	-	-	85,179
Results:					
Included in the measure of segment profit are:					
Depreciation of property, plant and equipment					(2,546)
Rental income					793
Interest income					758
Employee benefits expense					(13,209)
Interest expense					(589)
Segment profit					25,671
Income tax expense					(6,622)
Profit for the financial year					19,049
Assets:					
Addition to non-current assets					5,358
Segment assets					5,358

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

30. SEGMENT INFORMATION (CONTINUED)

	Automotive seats covers RM'000	Interior parts covers RM'000	Automotive seats RM'000	Others RM'000	Total RM'000
31 December 2022					
Revenue:					
Revenue from external customers	81,437	25,922	19,518	-	126,877
Results:					
Included in the measure of segment profit are:					
Depreciation of property, plant and equipment					(3,315)
Impairment losses on trade receivables					(544)
Rental income					865
Interest income					776
Employee benefits expense					(19,687)
Interest expense					(600)
Segment profit					36,991
Income tax expense					(9,398)
Profit for the financial year					27,593
Assets:					
Addition to non-current assets					3,224
Segment assets					3,224

13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

30. SEGMENT INFORMATION (CONTINUED)

	Automotive seats covers RM'000	Interior parts covers RM'000	Automotive seats covers RM'000	Others RM'000	Total RM'000
31 December 2023					
Revenue:					
Revenue from external customers	95,762	34,409	81,052	-	211,223
Results:					
Included in the measure of segment profit are:					
Depreciation of property, plant and equipment					(4,404)
Rental income					872
Interest income					694
Employee benefits expense					(25,686)
Interest expense					(1,011)
Segment profit					60,062
Income tax expense					(16,186)
Profit for the financial year					43,876
Assets:					
Addition to non-current assets					27,282
Segment assets					27,282

13. ACCOUNTANTS' REPORT (CONT'D)**FEYTECH HOLDINGS BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**30. SEGMENT INFORMATION (CONTINUED)**Geographical Information

Revenue and non-current assets information based on geographical location of customers are as follows:

	Revenue RM'000	Non-current assets RM'000
31 December 2020		
Malaysia	69,458	26,445
Singapore	4,609	633
Australia	3,981	8
New Zealand	888	-
Others	432	-
	79,368	27,086
31 December 2021		
Malaysia	77,084	28,526
Singapore	5,470	901
Australia	1,117	6
New Zealand	1,043	-
Others	465	-
	85,179	29,433
31 December 2022		
Malaysia	120,309	28,340
Singapore	4,956	816
Australia	908	3
New Zealand	421	-
Others	283	-
	126,877	29,159
31 December 2023		
Malaysia	204,923	49,747
Singapore	5,044	866
Australia	914	1
New Zealand	179	-
Others	163	-
	211,223	50,614

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13. ACCOUNTANTS' REPORT (CONT'D)

FEYTECH HOLDINGS BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

30. SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from external customers which contributed 10% or more to the total revenue recognised is as follows:

	← FYE 31 December →			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Customer A	18,785	19,319	28,253	41,466
Customer B	13,527	17,848	20,775	16,621
Customer C	14,666	20,401	24,330	83,885
Customer D	13,397	11,161	14,734	4,802
Customer E	-	-	19,455	47,612

14. ADDITIONAL INFORMATION

14.1 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Constitution which complies with the Listing Requirements, the Act and the Rules of Depository.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless otherwise defined here or the context otherwise requires.

14.1.1 Remuneration, voting and borrowing powers of Directors**(i) Remuneration of Directors****Clause 84 – Remuneration**

A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine.

Clause 93 – Remuneration of Directors

- (1) The Company may from time to time by an ordinary resolution passed at a general meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.
- (2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a general meeting.
- (3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (4) The following expenses shall be determined by the Directors:
 - (a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and
 - (b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.
- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but their salaries may not include a commission on or percentage of turnover.

14. ADDITIONAL INFORMATION (CONT'D)

(ii) Voting of Directors

Clause 105 – Directors' interest in contracts

- (1) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.
- (2) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

Clause 107 – Passing of resolution by the Directors

- (1) The Directors may pass a resolution without a Board Meeting, if a majority of the Directors entitled to vote and sign on the resolution signed the resolution, signifying their agreement to the resolution set out in the document.
- (2) Any such resolution may consist of several documents in like form, each signed by one (1) or more of the Directors, and shall be as valid and effectual as if it were a resolution duly passed at a Board Meeting.

Clause 118 – Voting at Board Meetings

- (1) Subject to the Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.
- (2) Each Director is entitled to cast one (1) vote on each matter for determination.

Clause 119 – Casting Vote

In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote.

(iii) Borrowing powers of Directors

Clause 95 – Powers of Directors

Without limiting the generality of Clauses 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

- (1) borrow money;
- (2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;
- (3) issue debentures and other Securities whether outright or as security; and/or
- (4) (a) lend and advance money or give credit to any person or company;

14. ADDITIONAL INFORMATION (CONT'D)

- (b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;
 - (c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;
- and otherwise to assist any person or company.

14.1.2 Changes to share capital

Clause 12(1) & (2) – Issue of securities and pre-emptive rights shall not apply

- (1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:
 - (a) issue and allot shares in the Company; and
 - (b) grant rights to subscribe for shares or options over unissued shares in the Company.
- (2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription of such shares):
 - (a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;
 - (b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and
 - (c) for such consideration as the Directors may determine.

Clause 12(3) – Issue of new shares or securities to Members

- (1) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.
- (2) 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.
- (3) The Directors may likewise also dispose of any new share or security 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 Constitution.

14. ADDITIONAL INFORMATION (CONT'D)**Clause 12(4) – General mandate for issue of securities**

Subject to Paragraph 6.06 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue.

Clause 46 – Alteration of capital

- (1) The Company may from time to time by an ordinary resolution and subject to other applicable laws or requirements:
 - (a) 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; or
 - (b) subdivide its shares or any of them into shares, whichever 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.
- (2) The Company may from time to time by a special resolution and subject to other applicable requirements:
 - (a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or
 - (b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.
- (3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

14.1.3 Transfer of securities**Clause 14 – Transfer of Securities**

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules of Depository and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

14. ADDITIONAL INFORMATION (CONT'D)

14.1.4 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

Clause 8(1) – Variation of rights

If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:

- (a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or
- (b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.

14.2 SHARE CAPITAL

- (a) No securities will be allotted or issued on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.
- (b) As at the date of this Prospectus, we only have 1 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.
- (c) Save as disclosed in **Sections 4.2.8, 6.2, 6.3 and 6.5** of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company or any of our Subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 3 years preceding the date of this Prospectus.
- (d) As at the date of this Prospectus, save for the Pink Form Allocation, there is no scheme involving our Directors or employees in the share capital of our Company or any of our Subsidiaries.
- (e) As at the date of this Prospectus, save for the Pink Form Allocation, no person has been or is entitled to be given an option to subscribe for any share, stock, debenture, convertible securities or any other security of our Company or any of our Subsidiaries.
- (f) As at the date of this Prospectus, none of the share capital of our Company or any of our Subsidiaries is under option, or agreed conditionally or unconditionally to be put under any option.
- (g) As at the date of this Prospectus, none of our Company or any of our Subsidiaries has any outstanding warrants, options, convertible securities and uncalled capital.
- (h) Save as disclosed in this Prospectus and as provided under our Constitution and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares.

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List of Main Market, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, holders of our Shares must deposit their Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance, Malaysia and such Shares may not be traded on Bursa Securities.

14. ADDITIONAL INFORMATION (CONT'D)

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account/ CDS Account with Bursa Depository by means of entries in the securities account/ CDS Account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall 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 OWN SECURITIES AND/OR EXERCISE VOTING RIGHTS

Subject to **Section 14.3** of this Prospectus, there is no limitation on the right to own our Shares and/or securities in our Company, including any limitation on the right of non-residents or non-Malaysian shareholders to hold or exercise voting rights on our Shares which is imposed by Malaysian law or by our Constitution.

14.5 PUBLIC TAKE-OVERS

Since our Company's incorporation 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 shares in other companies.

14.6 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any material contracts (not being contracts in the ordinary course of business) during the FY Under Review and up to the date of this Prospectus:

- (a) letter dated 5 October 2021 issued by Super Ceramic Tiles (JB) Sdn Bhd (as tenant) to Trimex Malaysia (as landlord) for the renewal of the tenancy agreement dated 23 October 2018 between Super Ceramic Tiles (JB) Sdn Bhd and Trimex Malaysia in relation to the rental of a single storey detached factory building and 3-storey office building bearing address No. 6, Jalan Angkasa Mas 1, Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor, for a period of 3 years from 10 October 2021 to 9 October 2024 at a monthly rental of RM65,000.00 for the first 6 months and RM71,500.00 for the remaining period;
- (b) novation agreement dated 28 December 2020 entered between Eleven Docks, Gosford Malaysia and Blessplus Sdn Bhd (as supplemented by a letter of agreement dated 14 October 2021 between Eleven Docks and Gosford Malaysia) to novate a building agreement dated 25 February 2020 entered into between Blessplus Sdn Bhd and Eleven Docks for the construction of the Tampoi Plant (which was completed on 1 July 2020) from Eleven Docks to Gosford Malaysia;
- (c) inter-company loan agreement dated 1 June 2020 between Gosford Malaysia (as lender) and Go Capital (as borrower) for an aggregate loan amount of up to RM10,000,000.00, which was fully paid and settled by Go Capital on 3 July 2023 and the inter-company loan agreement was terminated vide a termination notice issued by Gosford Malaysia on the same date. Please refer to **Section 10.1.3** of this Prospectus for further details on the repayment of the loan;

14. ADDITIONAL INFORMATION (CONT'D)

- (d) sale and purchase agreement dated 3 November 2022 between Globalview Properties Sdn Bhd (as vendor) and Feytech SB (as purchaser) for the acquisition of a piece of vacant industrial land held under HSD 83979 PT 1104, Pekan Sungai Karang, Daerah Kulim, Negeri Kedah measuring approximately 8.11 acres in area at a cash consideration of RM13,782,600. The sale and purchase agreement was completed on 9 October 2023 following the delivery of vacant possession to Feytech SB. Please refer to **Section 7.21** of this Prospectus for further details on the property;
- (e) share sale agreement dated 3 September 2023 between our Company and the Gosford Malaysia Vendors for the acquisition by Feytech Holdings of all the 600,100 ordinary shares in Gosford Malaysia, representing the entire issued share capital of Gosford Malaysia, from the Gosford Malaysia Vendors, for a total purchase consideration of RM77,549,399.00, which was entirely satisfied by the issuance of 77,549,399 new Shares at an issue price of RM1.00 per Share to the Gosford Malaysia Vendors. The Acquisition of Gosford Malaysia was completed on 11 March 2024;
- (f) share sale agreement dated 3 September 2023 between our Company and the Feytech SB Vendors for the acquisition by Feytech Holdings of all the 300,000 ordinary shares in Feytech SB, representing the entire issued share capital of Feytech SB, from the Feytech SB Vendors, for a total purchase consideration of RM1.00, which was entirely satisfied in cash. The Acquisition of Feytech SB was completed on 11 March 2024;
- (g) share sale agreement dated 3 September 2023 (as supplemented by a supplemental letter dated 26 September 2023) between our Company and the Trimex Malaysia Vendors for the acquisition by Feytech Holdings of all the 80,000 ordinary shares in Trimex Malaysia, representing the entire issued share capital of Trimex Malaysia, from the Trimex Malaysia Vendors, for a total purchase consideration of RM8,290,900.00, which was entirely satisfied by the issuance of 8,290,900 new Shares at an issue price of RM1.00 per Share to the Trimex Malaysia Vendors and Connie Go (the nominated recipient to receive part of the new Shares issued pursuant to the Acquisition of Trimex Malaysia). The Acquisition of Trimex Malaysia was completed on 11 March 2024;
- (h) share sale agreement dated 3 September 2023 between our Company and the Gosford Singapore Vendors for the acquisition by Feytech Holdings of all the 250,000 ordinary shares in Gosford Singapore, representing the entire issued share capital of Gosford Singapore, from the Gosford Singapore Vendors, for a total purchase consideration of RM1,165,500.00, which was entirely satisfied by the issuance of 1,165,500 new Shares at an issue price of RM1.00 per Share to the Gosford Singapore Vendors. The Acquisition of Gosford Singapore was completed on 11 March 2024;
- (i) share sale agreement dated 3 September 2023 between our Company and Tan Sun Sun for the acquisition by Feytech Holdings of all the 100 ordinary shares in Trimex Australia, representing the entire issued share capital of Trimex Australia, from Tan Sun Sun, for a total purchase consideration of RM478,600.00, which was entirely satisfied by the issuance of 478,600 new Shares at an issue price of RM1.00 per Share to Tan Sun Sun. The Acquisition of Trimex Australia was completed on 11 March 2024;
- (j) Underwriting Agreement dated 18 April 2024 between our Company and the Managing Underwriter and Joint Underwriters for the underwriting of 67,456,000 Issue Shares as detailed in **Section 4.7** of this Prospectus.

14. ADDITIONAL INFORMATION (CONT'D)

14.7 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, we are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, and our Directors confirm that there are no proceedings pending or threatened or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

14.8 CONSENTS

- (a) Our Principal Adviser, Managing Underwriter, Joint Underwriters, Joint Placement Agents, Company Secretaries, Due Diligence Solicitors for our IPO, Share Registrar and Issuing House have given their written consents before the issuance of this Prospectus for the inclusion of their names and all references thereto in the form, manner and context in which they are included in this Prospectus, and have not subsequently withdrawn;
- (b) Our Auditors and Reporting Accountants have given their written consent before the issuance of this Prospectus for the inclusion of their name and all references thereto, the Accountants' Report and the Reporting Accountants' Report on the compilation of Pro Forma Statement of Financial Position as at 31 December 2023, in the form, manner and context in which they are included in this Prospectus, and have not subsequently withdrawn; and
- (c) Our IMR has given its written consent before the issuance of this Prospectus with the inclusion of its name and all references thereto and the IMR Report in the form, manner and context in which they are included in this Prospectus, and have not subsequently withdrawn.

14.9 RESPONSIBILITY STATEMENTS

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

TA Securities, being the Principal Adviser, Managing Underwriter, Joint Underwriter and Joint Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

14.10 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our Registered Office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia during the normal office hours for a period of 6 months from the date of this Prospectus:

- (a) our Constitution;
- (b) the IMR Report referred to in **Section 8** of this Prospectus;
- (c) the Reporting Accountants' Report on the compilation of Pro Forma Statements of Financial Position as at 31 December 2023 as referred to in **Section 12.14** of this Prospectus;
- (d) the Accountants' Report as included in **Section 13** of this Prospectus;

14. ADDITIONAL INFORMATION (CONT'D)

- (e) the material contracts referred to in **Section 14.6** of this Prospectus;
- (f) the letters of consent referred to in **Section 14.8** of this Prospectus; and
- (g) the audited financial statements of Gosford Malaysia, Feytech SB, Trimex Malaysia, Gosford Singapore and Trimex Australia for the FY Under Review.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU SHALL NOT RELY ON THIS SUMMARY FOR THE PURPOSES OF ANY APPLICATION FOR OUR ISSUE 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 in this Section 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

Applications for our Issue Shares will open and close at the time and date stated as follows:

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 2 MAY 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 8 MAY 2024

If there is any change to the indicative timetable above, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia daily newspapers within Malaysia and make the relevant announcement(s) on Bursa Securities' website.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Application for our Issue Shares by the Malaysian Public and the Eligible Persons

Types of Application and category of investors	Application Method
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only
Applications by the Eligible Persons	Pink Application Form only

15.2.2 Application for our Issue Shares via placement

Types of Application	Application Method
Applications by:	
Selected investors	Our Joint Placement Agents will contact the Selected Investors directly. They should follow the Joint Placement Agents' instructions.

Selected investors may still apply for our Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**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 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO TEN (10) YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our 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 our 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. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.3.3 Application by the Eligible Persons

The Eligible Person will be provided with Pink Application Forms and letters from us detailing their respective allocation. The applicants must follow the notes and instructions in those documents and where relevant, of our Prospectus.

The Eligible Person 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, the Issuing House, TA Securities, participating organisation of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of 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 RM0.80 for each Issue Share.

Payment must be made out in favour of "**TIH SHARE ISSUE ACCOUNT NO. 765**" 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) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

(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

Wilayah Persekutuan, Malaysia

OR

DELIVER BY HAND AND DEPOSIT in the Drop-in Boxes provided at at Tricor 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 8 May 2024 or by such other time and date specified in any change to the date or time for closing of the application for our Issue Shares.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all of your enquiries in respect of the White Application Form to the Issuing House.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our 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, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our 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, CGS International Securities Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malayan Banking Berhad and Public 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 (*Unsuccessful / Partially Successful Applicants*) 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. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The results of the allocation of Issue shares derived from successful balloting will be made available to the public by our Issuing House to the Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website <https://tiih.online> within 1 Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. 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 to you in full (without any interest).

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in **Section 4.2.4** of this Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies will be refunded to you (without any interest) 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, or provided an incorrect or incomplete 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).

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (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 the 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 Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest 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 5th 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 Institutions (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 which 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 Shares allotted to you will be credited to your CDS account.
- (ii) a notice of allotment will be despatched to you at your last address maintained with the 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 Issue 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 Issue 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. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**15.11 ENQUIRIES**

Any 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 at telephone no. +603-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tjih.online>, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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