

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF ELRIDGE ENERGY HOLDINGS BERHAD (“EEHB” OR THE “COMPANY”) DATED 6 AUGUST 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 Paper / 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, KAF Investment Bank Berhad (“**KAF IB**”) or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, from the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, KAF IB and EEHB take no responsibility for the distribution of the Electronic Prospectus and/or the sale of ordinary shares in EEHB (“**Share(s)**”) outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

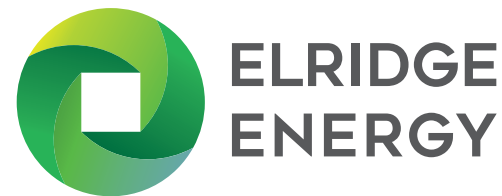
Applications will be accepted from **10.00 a.m. (Malaysian time) on 6 August 2024** and will close at **5.00 p.m. (Malaysian time) on 12 August 2024**. If there is any change to the timetable, EEHB will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspaper within Malaysia, and make an announcement of such changes on Bursa Securities' website accordingly.

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.



ELRIDGE ENERGY HOLDINGS BERHAD

(Registration No.: 202401001446 (1547297-X))
(Incorporated in Malaysia)

HEAD OFFICE :

61-2, Jalan Radin Tengah
Bandar Baru Sri Petaling
57000 Kuala Lumpur

Telephone : +603 – 9054 8138

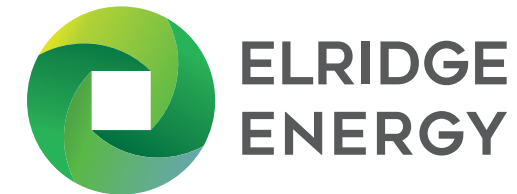
Website : <https://bioeneco.com/>

Email address : enquiries@bioeneco.com

ELRIDGE ENERGY HOLDINGS BERHAD

PROSPECTUS

P R O S P E C T U S



ELRIDGE ENERGY HOLDINGS BERHAD

(Registration No.: 202401001446 (1547297-X))
(Incorporated in Malaysia)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH THE LISTING OF ELRIDGE ENERGY HOLDINGS BERHAD (“**EEHB**” OR THE “**COMPANY**”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“**BURSA SECURITIES**”) COMPRISING:

- (I) PUBLIC ISSUE OF 350,000,000 NEW ORDINARY SHARES IN OUR COMPANY (“**ISSUE SHARES**”) IN THE FOLLOWING MANNER:
- 80,000,000 ISSUE SHARES FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 20,000,000 ISSUE SHARES FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO OUR SUCCESS; AND
 - 250,000,000 ISSUE SHARES BY WAY OF PRIVATE PLACEMENT MADE AVAILABLE TO BUMIPUTERA INVESTORS IDENTIFIED/APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY, MALAYSIA; AND
- (II) OFFER FOR SALE OF 350,000,000 EXISTING ORDINARY SHARES IN EEHB (“**OFFER SHARES**”) BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AT AN ISSUE/OFFER PRICE OF RM0.29 PER ISSUE SHARE / OFFER SHARE, PAYABLE IN FULL UPON APPLICATION

Principal Adviser, Sponsor, Underwriter and Placement Agent



Bursa Securities has approved the admission of our Company to the official list of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities (“**Listing**”). This Prospectus has been registered by Bursa Securities. The approval of the Listing and registration of this Prospectus, should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this document, 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. No securities will be allotted or issued based on this Prospectus after 6 months from the date 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 157.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

This Prospectus is dated 6 August 2024

Unless otherwise defined, all capitalised terms used shall bear the same meanings as defined under "Definitions" and "Glossary of Technical Terms" sections of this Prospectus.

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. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

KAF IB, being our Principal Adviser, Sponsor, Underwriter and 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.

STATEMENT OF DISCLAIMER

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 Form, has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

Investors should note that they may seek recourse under Sections 248, 249 and 357 of 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 is prepared and published solely for our IPO. Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser and Underwriter 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 and Underwriter, any of their respective directors, or any other persons involved in our IPO.

This Prospectus has been prepared in the context of 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 by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

It shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subject to. We will further assume that you had accepted our IPO in Malaysia and will at all applicable times 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 law or applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal and/or other professional advisers on the laws to which our IPO or you are or might be subjected to. Neither we nor the Directors, Promoters, Selling Shareholders, Principal Adviser and Underwriter nor any other advisers in relation to our IPO will accept any responsibility or liability if any application made by you shall become illegal, unenforceable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS / INTERNET SHARE APPLICATION

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

You are advised that the internet is not a fully secured medium, and that your Internet Share Application may be subject to the risks of problems occurring during the 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 an Electronic Prospectus, you should immediately request from us or the Issuing House, a paper printed copy of this Prospectus. In the event of any discrepancy 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 with Bursa Securities, shall prevail.

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

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third-Party Internet Sites and 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 or damage or costs 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 of any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other material downloaded from 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:

- (a) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an 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; and
- (b) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, 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 an 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.

INDICATIVE TIMETABLE

Unless otherwise defined, all capitalised terms used shall bear the same meanings as defined under “Definitions” section of this Prospectus.

The indicative timing of events leading to our Listing is set out below:

Events	Indicative Dates
Issuance of this Prospectus / Opening of Application	6 August 2024
Closing Date / Closing of Application	12 August 2024
Balloting of Application	14 August 2024
Allotment / Transfer of IPO Shares to successful applicants	21 August 2024
Date of Listing	22 August 2024

In the event there is any change to the timetable, we will advertise the notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities’ website.

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DEFINITIONS

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

ACE Market	:	ACE Market of Bursa Securities
Acquisition	:	Acquisition by EEHB of the entire issued share capital of BESB for a total consideration of RM34,979,979 that has been satisfied via the issuance of 1,649,999,000 new Shares at RM0.0212 each, which was completed on 10 July 2024
Act	:	Companies Act, 2016
ADA	:	Authorised Depository Agent
AGM	:	Annual General Meeting
Application(s)	:	Application(s) for Issue Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)
Application Form(s)	:	Printed application form(s) for the application of our Issue Shares accompanying this Prospectus
ATM	:	Automated teller machine
Authorised Financial Institution	:	The authorised financial institution participating in the Internet Share Application with respect to payments for our Issue Shares
BEH	:	Bio Eneco Holding Sdn Bhd (Registration No.: 201601038279 (1209220-H))
BESB or Subsidiary	:	Bio Eneco Sdn Bhd (Registration No.: 201101026049 (954185-X))
BESB Shares	:	Ordinary shares in BESB
Board	:	Board of Directors of EEHB
Bumiputera	:	In the context of: <ul style="list-style-type: none"> (a) individuals, Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia; (b) companies, companies which fulfil, among others, the following criteria or such other criteria as may be imposed by the MITI; <ul style="list-style-type: none"> (i) registered under the Act as a private company; (ii) its shareholders are 100.00% Bumiputera; and (iii) its board of directors (including its staff) are at least 51.00% Bumiputera; and (c) cooperatives, cooperatives whose shareholders or cooperative members are at least 95.00% Bumiputera or such other criteria as may be imposed by the MITI

DEFINITIONS (CONT'D)

Bursa Depository or Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
CAGR	:	Compound annual growth rate
CCC	:	Certificate of completion and compliance
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account	:	An account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
Central Depositories Act or SICDA	:	Securities Industry (Central Depositories) Act 1991
CEO	:	Chief Executive Officer
Closing Date	:	Date adopted in this Prospectus as the last date for acceptance and receipt of the Application
CMSA	:	Capital Markets and Services Act, 2007
Constitution	:	Our constitution
COO	:	Chief Operating Officer
COVID-19	:	Coronavirus disease 2019, an infectious disease which affects the respiratory system, and it is a global pandemic
Deposited Securities	:	Securities in our Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Central Depositories Act and the Depository Rules
Depositor	:	A holder of a Securities Account
Depository Rules	:	Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
Director(s)	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
EBIT	:	Earnings before interest and tax
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
EEHB or Company	:	Elridge Energy Holdings Berhad (Registration No.: 202401001446 (1547297-X))
EEHB Group or Group	:	EEHB and its Subsidiary, collectively
EEHB Share(s) or Share(s)	:	Ordinary share(s) in our Company
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium

DEFINITIONS (CONT'D)

Electronic Share Application(s)	:	Application(s) for Issue Shares through a Participating Financial Institution's ATM
Eligible Parties	:	Eligible Directors, employees of our Group and persons who have contributed to the success of our Group
EPS	:	Earnings per Share
Financial Years/Period Under Review	:	Collectively, FYE 2021, FYE 2022, FYE 2023 and FPE 2024
Foreign Selling Shareholders	:	Collectively, Koh Xian Kai, Steven Djunaidi, Ang Kian Siong (Hong Jianqiang), Almuahysini Ali Abdullah and Cao Yu
FPE	:	Financial period ended 30 April, as the case may be
FYE	:	Financial year ended 31 December, as the case may be
Government	:	Government of Malaysia
GP	:	Gross profit
IFRS	:	International Financial Reporting Standards
IMR or Providence	:	Providence Strategic Partners Sdn Bhd (Registration No.: 201701024744 (1238910-A)), our Independent Market Researcher
IMR Report	:	Independent Market Research Report on the biomass fuel industry in Asia Pacific prepared by Providence as set out in Section 8 of this Prospectus
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for Internet Share Applications as listed in Section 16.6 of this Prospectus
Internet Share Application(s)	:	Application(s) for Issue Shares through an online share application service provided by Internet Participating Financial Institution
IPO	:	Collectively, the Public Issue and the Offer for Sale
IPO Price	:	Issue/offer price of RM0.29 per Share under the Public Issue and Offer for Sale
IPO Share(s)	:	Issue Share(s) and Offer Share(s), collectively
Issue Share(s)	:	New Share(s) to be issued under the Public Issue
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No.: 197101000970 (11324-H))
IT	:	Information technology
KAF IB or Principal Adviser or Sponsor or Placement Agent or Underwriter	:	KAF Investment Bank Berhad (Registration No.: 197401003530 (20657-W))
Kapar Factory	:	Single storey factory building with a built-up area of 186,976 sq ft located at Lot 6466, Lorong Sungai Puloh, Batu 6, Jalan Kapar, 42100 Klang, Selangor

DEFINITIONS (CONT'D)

Kayavest	:	Kayavest Sdn Bhd (Registration No.: 202301017583 (1511505-D))
Listing	:	The admission of EEHB to the Official List and the listing of and quotation for our entire enlarged issued share capital comprising 2,000,000,000 Shares on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
Listing Scheme	:	Comprising the Acquisition, our IPO, our Share Transfer and our Listing
LPD	:	12 July 2024, being the latest practicable date prior to the registration of this Prospectus or as otherwise stated
Malaysian Public	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MBSB	:	Mine Biomass Sdn Bhd (Registration No.: 201701013700 (1227865-X))
MCCG	:	Malaysian Code of Corporate Governance
MCO	:	The 2020 Malaysia movement control order, commonly referred to as the MCO, implemented as a preventive measure by the Government in response to the COVID-19 pandemic in the country, which began from 18 March 2020 and unless otherwise specified, includes all its subsequent phases
MFRS	:	Malaysian Financial Reporting Standards
Mikro MSC	:	Mikro MSC Berhad (Registration No.: 200601018418 (738171-M))
MITI	:	Ministry of Investment, Trade and Industry, Malaysia
MPOB	:	Malaysian Palm Oil Board
MTIB	:	Malaysian Timber Industry Board
MyIPO	:	Intellectual Property Corporation of Malaysia
NA	:	Net assets
NBV	:	Net book value
Offer for Sale	:	Offer for sale of 350,000,000 Offer Shares by our Selling Shareholders at our IPO Price
Offer Share(s)	:	Existing Share(s) to be offered under our Offer for Sale
Official List	:	A list specifying all securities which have been admitted for listing on the ACE Market
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Applications as listed in Section 16.5 of this Prospectus

DEFINITIONS (CONT'D)

PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price-to-earnings multiple
Pink Form Allocations	:	Allocation of 20,000,000 Issue Shares to our Eligible Parties, which forms part of our Public Issue
Port Klang Factory	:	Two (2) adjoining single storey factory cum warehouse with one (1) double storey office building with a built-up area of 100,806 sq ft located at Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor
PPE	:	Property, plant and equipment
PRC	:	People's Republic of China
Prescribed Securities	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Depository Rules
Promoter(s)	:	Yeo Hock Cheong, Kayavest and Salihudin, collectively
Prospectus	:	This prospectus dated 6 August 2024 in relation to our IPO
Public Issue	:	Public issue of 350,000,000 Issue Shares at our IPO Price
ROU	:	Right-of-use asset
SAC	:	Shariah Advisory Council of the SC
Salihudin	:	Salihudin Bin Mohd Razali, our Promoter, Executive Director/Finance Director
SC	:	Securities Commission Malaysia
Securities Account	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
Selling Shareholders	:	Yeo Hock Cheong, BEH and the Foreign Selling Shareholders, collectively
Share Registrar	:	Securities Services (Holdings) Sdn Bhd (Registration No.: 197701005827 (36869-T))
Share Transfer	:	Transfer of a total of 327,320,400 Shares held by Yeo Hock Cheong to Kayavest during the prescription period, which is carried out after our IPO
SJR Holdings	:	SJR Holdings Sdn Bhd (Registration No.: 201301017613 (1047446-X))
SOP(s)	:	Standard operating procedures
Specified Shareholder(s)	:	BEH, Mikro MSC, Yeo Hock Cheong, Kayavest and the Foreign Selling Shareholders, collectively

DEFINITIONS (CONT'D)

- Underwriting Agreement** : Underwriting agreement dated 12 July 2024 entered into between our Company and KAF IB for the purpose of our IPO
- Vendors** : BEH, Mikro MSC, Yeo Hock Cheong and the Foreign Selling Shareholders, collectively

CURRENCIES AND UNITS:

- kcal : kilocalories
- MT : metric tonnes
- kg : kilogram
- sq ft : Square feet
- RM or sen : Ringgit Malaysia and sen respectively
- SGD : Singapore Dollar
- USD : United States Dollar

MAJOR CUSTOMER OF OUR GROUP

The following are the details of our major customer whose name has been redacted for confidentiality throughout this Prospectus:

- Customer A** : Customer A is incorporated in China on 4 May 2014 and is principally involved in power supply business and sale of renewable resources and is based in China. Its holding company is principally engaged in the development, construction, operation and management of electric power, oil and natural gas. Customer A is not listed on any stock exchange but its holding company is listed on the Shanghai Stock Exchange.

We are unable to disclose the identity of Customer A as they have not agreed to our Group's request for consent for disclosure in this Prospectus

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GLOSSARY OF TECHNICAL TERMS

The technical abbreviations and glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms. Unless otherwise indicated, the following definitions shall apply throughout this Prospectus:

Ash volume	:	The amount of residue material that remains after the combustion of biomass fuel products
Biomass fuel products	:	Energy sources derived from organic materials that are burned or combusted to generate heat or electricity, which refers to PKS and wood pellets in the context of this Prospectus
Bonded warehouse	:	Warehouse authorised/licensed by the Royal Malaysian Customs Department Malaysia to receive and store imported goods before payment of duties and taxes as well as goods pending to be exported
Calorific value	:	The amount of energy measured by the heat produced when the biomass fuel product burns or combusts completely
Chlorine volume	:	The quantity of chlorine in the biomass fuel product when it is in a completely dry state
Cooler	:	A machine in the wood pellet production line that is used to cool down the hot wood pellets
Dryer	:	A machine in the PKS production line and wood pellet production line that reduces moisture content of the biomass fuel products during manufacturing
Durability	:	The likelihood of the wood pellets maintaining their structure
Dust removal unit	:	A machine in the PKS production line that is used to remove dust particles
End-user	:	Users of biomass fuel products, comprising manufacturers that require the use of industrial boilers for generation of heat or energy or biomass power plant operators
Green Gold Label certification	:	A certification which endorses that our PKS were produced from raw materials that have been sourced from oil palm plantation and milling companies that have been sustainably managed. In order to be certified, an approved certification body must audit an applicant to ensure that it has the necessary documents to substantiate the applicant's details (company name, registration number and address), that the products are covered by application, an overview of the applicant's suppliers and demonstrable control over the validity of the certificates of the suppliers, and a signed declaration by a legal representative of the applicant denoting that it complies with the certification requirements, amongst others.
Green Label Certification	:	A certification which recognises that our Group's wood pellets are environmentally friendly products and allows for the use of "MyHIJAU" mark on the wood pellets. In order to be certified and use the "MyHIJAU" mark, the applicant must be registered in Malaysia and the product must either minimise degradation to the environment or reduce greenhouse gas emissions, promote health or improvements to the environment, or conserve the use of energy, water and/or other forms of natural resources, amongst others.
Hammer mill	:	A machine in wood pellet production line that crush and grind wood residue into smaller particles

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Impurities	: Any unwanted substances, such as stones, bricks, mud, wood logs and fibres that needs to be removed
Magnetic filtering unit	: A unit in the PKS production line which is used to remove metal impurities
Moisture level	: The amount of water present in the biomass fuel products
MyHIJAU	: Malaysia's official green recognition scheme endorsed by the Government
Offcuts	: The discarded pieces of wood resulting from various cutting or shaping process and are typically irregularly shaped and vary in size
Palm kernel shell(s) or PKS	: A form of biomass fuel products that are derived from the shell fractions left after palm oil is extracted from palm kernels, which are by-products produced during the palm oil milling process
Programme for the Endorsement of Forest Certification or PEFC	: A certification to certify that wood pellets have been manufactured using wood residues sourced from suppliers that have complied to the PEFC guidelines. In order to be certified, an approved certification body must audit an applicant to ensure that it operates a management system that is in accordance with the PEFC requirements and has documented procedures to identify the material categories purchased and denote that it can physically separate PEFC certified materials and sources from non-PEFC certified materials and sources, amongst others.
Pellet mills' rollers	: A machine in wood pellet production line that compress the crushed and powdered wood residue into compact cylindrical pellets and make small holes to form wood pellets
PKS production line	: PKS production line which includes screening unit, dryer, magnetic filtering unit, stone removal unit and dust removal unit
Potassium volume	: The quantity of potassium in the biomass fuel product when it is in a completely dry state
Proprietary PKS process	: Our Group's proprietary process that is used to process PKS to biomass fuel products
Raw materials	: Raw materials used to produce our biomass fuel products, namely unprocessed PKS and wood residues
Saw dust	: Fine wood particles and dust produced during wood cutting or sawing
Screening unit	: A unit in PKS production line that remove any foreign materials, residues and impurities using a rotating cylindrical drum
Stone removal unit	: A unit in the PKS production line and wood pellet production line that removes stones from raw materials
Sodium volume	: The quantity of sodium in the biomass fuel product when it is in a completely dry state
Sulphur volume	: The quantity of sulphur in the biomass fuel products when it is in a completely dry state
Wood chipper machine	: A machine in the wood pellet production line that is used to break wood residues into smaller pieces

GLOSSARY OF TECHNICAL TERMS (CONT'D)

- Wood chips** : Small pieces of wood that are used to manufacture wood pellets
- Wood pellets** : A form of biomass fuel products from wood residues that are manufactured into cylindrical shapes
- Wood pellet production line** : Wood pellet production line which is equipped with wood chipper machine, screening units, hammer mill, pellet mills' roller, dryer and cooler
- Wood residues** : Raw materials used to manufacture wood pellets, which are saw dust, wood chips and offcuts

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “EEHB” and “our Company” in this Prospectus are to Elridge Energy Holdings Berhad. Unless otherwise stated, references to “Group” are to our Company and our Subsidiary taken as a whole; and references to “we”, “us”, “our” and “ourselves” are to our Company, our Group and, save where the context otherwise requires, our Subsidiary. Unless the context otherwise requires, references to “Management” are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

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 million or two (2) decimal places or one sen. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” and “Glossary of Technical Terms”. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the IMR. 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.

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

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in our Shares. If there is any discrepancy between the contents of such website relating to our Company and this Prospectus, the information contained in this Prospectus shall prevail.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (i) demand for our products;
- (ii) our business strategies;
- (iii) our future plans;
- (iv) our future 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:

- (a) the economic, political and investment environment in Malaysia; and
- (b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions 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 of the SC.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Gender)	Designation	Residential address	Nationality
Tan Sri Dr Azmil Khalili Bin Dato' Khalid (M)	Independent Non-Executive Chairman	No. 42, Jalan Setiabistari, Bukit Damansara, 50490 Kuala Lumpur	Malaysian
Yeo Hock Cheong (M)	Executive Director / CEO	No. 48, Jalan Mentari 4, Taman Naga Emas, Salak Selatan, 57100 Kuala Lumpur	Malaysian
Salihudin (M)	Executive Director / Finance Director	No. 22, Jalan SS14/8c, 47500 Subang Jaya, Selangor	Malaysian
Dr Wang Hong (M)	Non-Independent Non-Executive Director	B-31-4, Tower 2, Pavilion Residences, Jalan Raja Chulan, 50200 Kuala Lumpur	Singaporean
Tan Suat Hoon (F)	Independent Non-Executive Director	2-O, Lorong Delima 17, Island Glades, 11700 Gelugor, Penang	Malaysian
Ahmad Lutfi B.Abdull Mutalip @ Talib (M)	Independent Non-Executive Director	No. 27, Jalan Sekolah, Gombak Setia, 53100 Kuala Lumpur	Malaysian
Rozainah Binti Baharuddin (F)	Independent Non-Executive Director	No. 3, Lorong 14/37D, 46100 Petaling Jaya, Selangor	Malaysian

*(F) = Female (M) = Male***AUDIT AND RISK MANAGEMENT COMMITTEE**

Name	Designation	Directorship
Tan Suat Hoon	Chairperson	Independent Non-Executive Director
Ahmad Lutfi B.Abdull Mutalip @ Talib	Member	Independent Non-Executive Director
Rozainah Binti Baharuddin	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Rozainah Binti Baharuddin	Chairperson	Independent Non-Executive Director
Ahmad Lutfi B.Abdull Mutalip @ Talib	Member	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Ahmad Lutfi B.Abdull Mutalip @ Talib	Chairman	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director
Rozainah Binti Baharuddin	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARIES** : Chua Siew Chuan
- Professional Qualifications : Chartered Secretary, Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA No. 0777689) (SSM Practising Certificate No. 201908002648)
- Tan Ley Theng
- Professional Qualifications : Chartered Secretary, Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA No. 7030358) (SSM Practising Certificate No. 201908001685)
- Securities Services (Holdings) Sdn Bhd
(Registration No.: 197701005827 (36869-T))**
- Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
- Telephone : +603 – 2084 9000
- REGISTERED OFFICE** : Level 7, Menara Milenium,
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
- Telephone : +603 – 2084 9000
Fax : +603 – 2094 9940 / +603 – 2095 0292
- HEAD OFFICE** : 61-2, Jalan Radin Tengah
Bandar Baru Sri Petaling
57000 Kuala Lumpur
- Telephone : +603 – 9054 8138
Website : <https://bioeneco.com/>
Email address : enquiries@bioeneco.com
- PRINCIPAL ADVISER,
SPONSOR, UNDERWRITER
AND PLACEMENT AGENT** : **KAF Investment Bank Berhad
(Registration No.: 197401003530 (20657-W))**
- Level 13A, Menara IQ
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur
- Telephone : +603 – 2708 2800

1. CORPORATE DIRECTORY (CONT'D)

SOLICITORS FOR OUR LISTING

: **Ong Eu Jin Partnership**

Unit 9-1, Level 9
Wisma Mont Kiara
No. 1, Jalan Kiara
Mont Kiara
50480 Kuala Lumpur

Telephone : +603 – 6206 2053

AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING

: **HLB Ler Lum Chew PLT
(Registration No.: 201906002362 (LLP0021174-LCA) & AF0276)**

A-23-1, Level 23, Hampshire Place Office
157 Hampshire, No 1, Jalan Mayang Sari
Off Jalan Tun Razak
50450 Kuala Lumpur

Telephone : +603 – 7890 5588

Partner-in-charge: Ler Ji-Yong
(Chartered Accountant, Member of Malaysian Institution of Accountants and Fellow Member of Association of Chartered Certified Accountants)

Approved number: 03439/05/2025J

INDEPENDENT MARKET RESEARCHER

: **Providence Strategic Partners Sdn Bhd
(Registration No.: 201701024744 (1238910-A))**

67-1, Block D, The Suites, Jaya One
No. 72A, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya
Selangor

Telephone : +603 – 7625 1769

Person-in-charge: Melissa Lim Li Hua
(Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia)

ISSUING HOUSE

: **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

Telephone : +603 – 2783 9299

1. CORPORATE DIRECTORY (CONT'D)

SHARE REGISTRAR : **Securities Services (Holdings) Sdn Bhd**
(Registration No.: 197701005827 (36869-T))

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persukutuan

Telephone : +603 – 2084 9000

LISTING SOUGHT : ACE Market

SHARIAH STATUS : Approved by the SAC

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2. PROSPECTUS SUMMARY

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

2.1 PRINCIPAL DETAILS OF OUR IPO

The principal statistics of our IPO is as follows:

Number of Shares to be issued pursuant to our Public Issue	
- Malaysian Public via balloting	80,000,000
- Eligible Parties	20,000,000
- Private placement made available to Bumiputera investors identified/approved by the MITI	250,000,000
	350,000,000
Number of Shares to be offered under our Offer for Sale to selected non-Bumiputera investors by way of private placement	350,000,000
Enlarged total number of issued Shares upon Listing	2,000,000,000
IPO Price per Share	RM0.29
Market Capitalisation (based on our IPO Price and the enlarged total number of 2,000,000,000 Shares upon Listing)	RM580,000,000

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

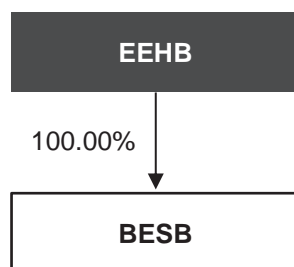
Our Specified Shareholders' entire shareholdings after IPO will be held under moratorium for 6 months from the date of our Listing. Thereafter, our Specified Shareholders' shareholdings amounting to at least 45% of our total number of Issue Shares will remain under moratorium for another 6 months. Our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

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

2.2 GROUP STRUCTURE AND BUSINESS MODEL

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

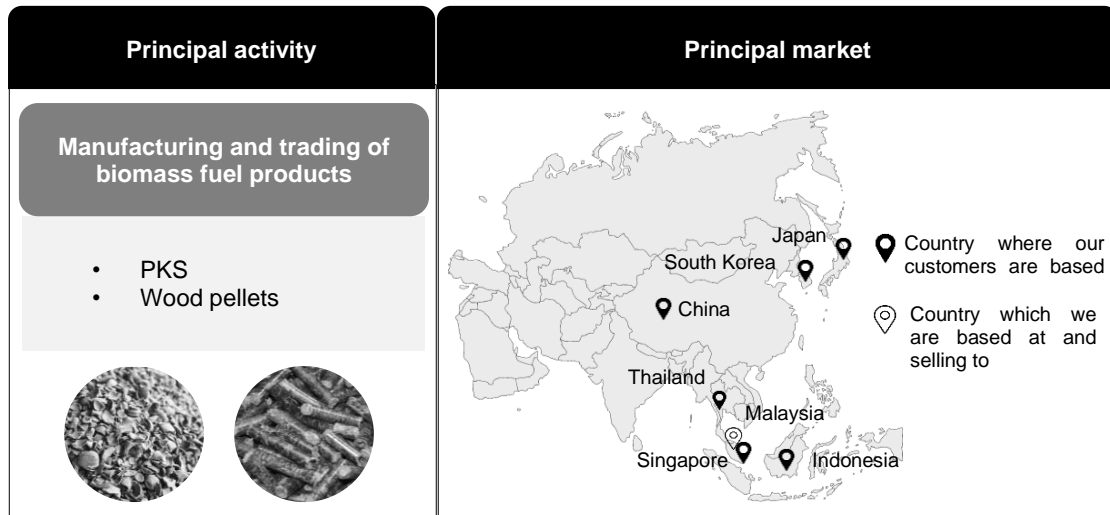
Our Company is principally an investment holding company. Our Group structure as at the LPD is as follows:



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

2. PROSPECTUS SUMMARY (CONT'D)

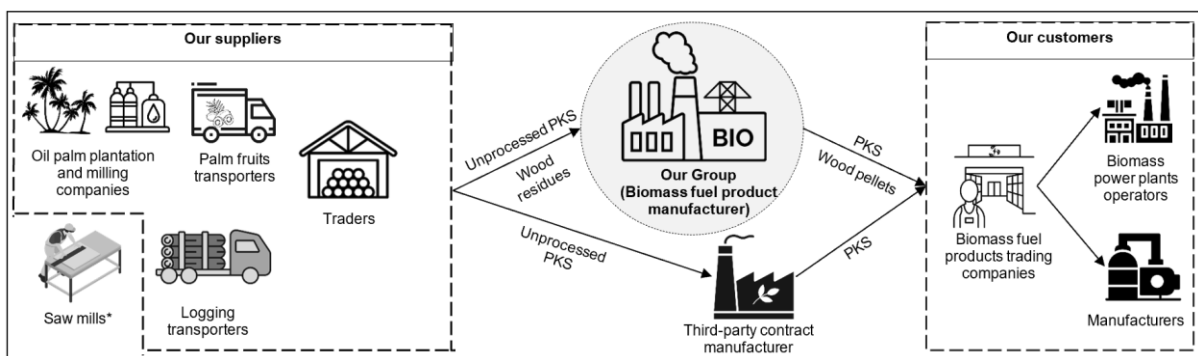
The following diagram illustrates our business model:




We source our raw materials from a network of local and foreign suppliers comprising traders, oil palm plantation and milling companies, palm fruits transporters, and logging transporters. As Malaysia is one of the largest oil palm producers globally and is rich in forest resources, most of our raw materials are locally sourced from Malaysia. In addition, we also source raw materials, particularly unprocessed PKS, from traders based in Singapore and Indonesia, depending on availability and pricing of these raw materials.

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

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



Notes:

- (1)  Denotes our Group's role
- (2) * During the Financial Years/Period Under Review, we have not procured our raw materials directly from saw mills as logging transporters were able to provide wood residues at the quantity we require and provide delivery services for these wood residues to our Port Klang Factory

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

2. PROSPECTUS SUMMARY (CONT'D)

2.3 COMPETITIVE STRENGTHS

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

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

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

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

For the Financial Years Under Review, our customers did not request Green Gold Label certified for the PKS sold, nor did they require PEFC or Green Label certification for the wood pellets sold. Although many of our customers did not require our products to be certified with the above certifications during the Financial Years/Period Under Review, these certifications will enable us (on request basis by some of the customers) to meet their requirements and provide us with the capability to export our products to international markets as some foreign customers, particularly customers in Japan, require the abovementioned certifications in order to enjoy tax incentives and benefits from their local government. We have completed our first shipment of Green Gold Label certified PKS to a customer based in Japan in first quarter of 2024.

(b) We have a network of suppliers

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

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

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

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

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

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

2. PROSPECTUS SUMMARY (CONT'D)

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

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

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

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

2.4 FUTURE PLAN AND BUSINESS STRATEGIES

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

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

At present, we operate out of Port Klang Factory, which has a capacity of 720,000 MT per year. As at FYE 2023, our utilisation rate for our PKS production lines at our Port Klang Factory reached 73.86%, which has grown from 38.83% in FYE 2021. We have also recently set up our Kapar Factory which commenced operation on 18 June 2024 with capacity of 240,000 MT per annum. The estimated cost for acquiring machineries and equipment for Kapar Factory is RM7.83 million, of which RM4.70 million has been incurred to set-up two (2) PKS production lines for commencement of Kapar Factory's operation. The remaining estimated budget shall be mainly used for future acquisition of additional screening units, excavator, wheel loader and conveyor system for the factory. The entire cost will be financed via our internally generated funds and/or bank borrowings.

As at the LPD, we have entered into separate memorandum of understanding with two (2) of our major customers for the manufacturing and sale of 560,000 MT of PKS (as disclosed in Section 7.22 of this Prospectus) and additional 160,000 MT of PKS with other customers, giving a cumulative 720,000 MT of PKS to be delivered in FYE 2024 and 710,000 MT to be delivered in FYE 2025, which would fully utilise our PKS production lines at our Port Klang Factory.

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

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

(i) New factory in Pasir Gudang, Johor

As at the LPD, we are still in the midst of finding a suitable premises to rent, which have access to the nearest port. The annual rental costs is estimated to be cumulatively amount to RM2.40 million, and will be funded via our internally generated funds. The new factory in Pasir Gudang, Johor will be equipped with two (2) PKS production lines with estimated annual production capacity of 240,000 MT once fully operational.

(ii) New factory in Kuantan, Pahang

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

2. PROSPECTUS SUMMARY (CONT'D)

We intend to identify a suitable land between 6 and 12 months upon receipt of the gross proceeds from the Public Issue and complete the acquisition of the said land 3 months after. We estimate that the cost of acquiring the land is expected to amount to RM20.00 million and the construction cost is approximately RM27.00 million, which will be fully funded via our gross proceeds from the Public Issue. Further details are as elaborated in Section 4.7.1 of the Prospectus.

The New Kuantan Facility will be equipped with two (2) PKS production lines with estimated annual production capacity of 240,000 MT once fully operational.

(iii) New factory in Lahad Datu, Sabah

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

The new factory in Lahad Datu, Sabah will be equipped with two (2) PKS production lines with estimated annual production capacity of 240,000 MT once fully operational.

The rationale for setting up of new factories in Pasir Gudang, Johor; Kuantan, Pahang and Lahad Datu, Sabah are as follows:

- (i) Sabah, Pahang and Johor have one of the largest oil palm planted areas in Malaysia, and the setting up of new factories in these states will place us nearer to oil palm plantation estates. Thus, this would reduce the transportation costs of delivering raw materials to our new factories; and
- (ii) These locations are near ports, which would be convenient to export our products. By setting up new plants in other states, we will be less dependent on Port Klang to transport our biomass fuel products.

The total cost of new machineries and equipment for the three (3) new factories is estimated at RM23.49 million, of which 90% will be funded via gross proceeds from the Public Issue while the remaining 10% will be funded via bank borrowings and/or internally generated funds. Further details on the use of gross proceeds from the Public Issue to fund the purchase of these new machineries and equipment are as elaborated in Section 4.7.1 of the Prospectus.

We will also need to expand our operations department. As such, we intend to recruit up to 6 personnel for the new factory in Pasir Gudang, Johor by fourth quarter of 2024 (we previously estimated recruitment to be done by third quarter of 2024) and up to 6 personnel for the new factory in Lahad Datu, Sabah by second quarter of 2025. We will also need to expand our operations department by up to 6 personnel for the New Kuantan Facility, which will be recruited by fourth quarter of 2024 (we previously estimated the recruitment to be done by second quarter of 2024). For information, there had been delay for the recruitment of personnel in new factory in Pasir Gudang, Johor and New Kuantan Facility as such recruitment would only be initiated once the new factory sites for both locations had been identified and confirmed.

These new personnel will be operating at the rented premises in Kuantan until the New Kuantan Facility has been set up. As our manufacturing activities are mostly automated, we will require 6 personnel to operate and manage each new factory. If needed, we may subcontract certain services such as traffic flow, cleaning services as well as removal/discharge of impurities from our manufacturing activities, as similarly done at the Port Klang Factory. We expect the cost of salaries for the new personnel will amount to approximately RM275,000 for each new factory annually, which will be funded via internally generated funds.

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

2. PROSPECTUS SUMMARY (CONT'D)

2.5 IMPACT OF COVID-19

2.5.1 Impact of COVID-19 on our Group

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

During the Total Lockdown implemented on 1 June 2021, we received MITI approval to begin operating at our Port Klang Factory with compliance to the Standard Operating Procedure imposed by the Government. Following this, on 5 July 2021, we received approval from MITI to operate at 60% capacity. Subsequently, we increased our workforce capacity to 80% during National Recovery Plan Phase 2 starting 10 September 2021. We resumed full 100% workforce capacity during National Recovery Plan Phase 4 starting 18 October 2021.

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

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

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

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

2.5.3 Impact of COVID-19 on our financial performance

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

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

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

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

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

2.6 RISK FACTORS

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

The following are the key risks relating to our business and industry that we are currently facing or that may occur in the future:

2. PROSPECTUS SUMMARY (CONT'D)

- (a) We may face disruptions in our manufacturing activities due to unforeseeable circumstances such as natural disasters, fires, floods, outbreaks of diseases or disruption of electricity supplies.
- (b) We are dependent on contracts signed with our major customers and major supplier where the termination or loss of any of the contracts will have material adverse impact to our business, financial condition, results of operations and prospects.
- (c) Our business operations and financial performance may be adversely affected if we are unable to source raw materials in sufficient quantities and/or at acceptable prices.
- (d) We are dependent on our Executive Directors and our key senior management for the continuing success of our Group and the loss of their services 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.
- (e) We depend our ability to secure new orders and contract and there is a risk that we may not be able to secure sufficient new orders to sustain our business.
- (f) We are exposed to fluctuation in foreign exchange rates as our sales and purchases are mainly transacted in RM, SGD and USD, a depreciation of RM against the foreign currencies will lead to higher revenues in RM and vice versa.
- (g) We may not have sufficient insurance to cover all losses or liabilities that may arise in the course of our business operations which may adversely affect our Group's business, financial performance or results of operations.
- (h) We may not be able successfully execute our business strategies which may hinder our Group's business growth and success as implementation of our business strategies may be influenced by factors beyond our control such as changes in economic, social and political environment in Malaysia.
- (i) We may face credit risk 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.
- (j) We may face competition from other industry players where intense competition will subject us to pricing pressure which may squeeze profit margins and reduce our revenue.
- (k) We are subject to political, social, regulatory and economic risks in Malaysia and overseas market that any changes may materially and adversely affect the demand and supply of our products and its prices.
- (l) We are subject to risks of product substitution of PKS and wood pellets where any shift in preferences to other forms of biomass fuel products that would lower demand for PKS and wood pellets would adversely impact our Group's business and financial performance.

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

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

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

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

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

2. PROSPECTUS SUMMARY (CONT'D)

2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

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

Notes:

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

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

2. PROSPECTUS SUMMARY (CONT'D)

2.9 UTILISATION OF PROCEEDS

The estimated gross proceeds from the Public Issue of RM101.50 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	RM'000	%	Timeframe for utilisation from the date of Listing
Capital expenditure for the following:			
- Construction of new factory and warehouse in Kuantan	47,000	46.31	Within 36 months
• <i>Land acquisition cost</i>	20,000	19.71	<i>Within 15 months</i>
• <i>Construction cost</i>	27,000	26.60	<i>Within 36 months</i>
- Purchase of new machineries and equipment	21,141	20.82	Within 18 months
Working capital	27,059	26.66	Within 12 months
Estimated listing expenses	6,300	6.21	Within 3 months
Total	101,500	100.00	

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

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

The gross proceeds from the Offer for Sale of RM101.50 million shall accrue entirely to our Selling Shareholders.

2.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

2.10.1 Financial Highlights

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

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	115,114	144,440	335,251	117,657
GP	9,296	15,163	45,969	25,831
PBT	1,781	6,354	27,980	19,757
PAT	1,742	6,289	23,565	14,967
GP margin (%) ⁽¹⁾	8.07	10.50	13.71	21.95
PBT margin (%) ⁽²⁾	1.55	4.40	8.35	16.79
PAT margin (%) ⁽²⁾	1.51	4.35	7.03	12.72
Basic /diluted EPS (sen) ⁽³⁾	0.09	0.31	1.18	0.75

Notes:

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

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

2. PROSPECTUS SUMMARY (CONT'D)

2.10.2 Operational Highlights

	FYE 2021			FYE 2022			FYE 2023			FPE 2024		
	MT sold	RM'000	%	MT sold	RM'000	%	MT sold	RM'000	%	MT sold	RM'000	%
Manufacturing of PKS	279,605	104,764	91.01	353,150	144,398	99.97	⁽¹⁾ 531,813	290,171	86.55	200,212	97,990	83.28
Manufacturing and trading of wood pellets	24,257	10,350	8.99	59	42	0.03	67,960	45,080	13.45	41,641	19,667	16.72
Total		115,114	100.00		144,440	100.00		335,251	100.00		117,657	100.00

Note:

(1) In FYE 2023, we outsourced manufacturing of 19,695 MT of PKS which represented approximately 3.7% of total annual PKS volume sold, to a third-party contract manufacturer based in Kuantan, Pahang. There is no outsourced manufacturing of PKS or wood pellets for the FYE 2021, FYE 2022 and FPE 2024.

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

2.11 DIVIDEND POLICY

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

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

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3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 6 June 2024 (“**Approval Letter**”), approved our admission to the Official List, the listing of and quotation for our entire issued share capital on the ACE Market and the approval-in-principle for the registration of the Prospectus. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	Submit the following information in respect of the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: <ul style="list-style-type: none"> (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares. 	Complied
(b)	Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
(c)	The Bumiputera equity requirements for public listed company as approved/exempted by the SC including any conditions imposed thereon;	Complied
(d)	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
(e)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of EEHB on the first day of listing;	To be complied
(f)	In relation to the IPO to be undertaken by EEHB, to announce at least 2 Market Days prior to the listing date, the result of the offering including the following: <ul style="list-style-type: none"> (i) Level of subscription of public balloting and placement; (ii) Basis of allotment / allocation; (iii) A table showing the distribution for placement tranche as per the format in Appendix I of the Approval Letter; and (iv) Disclosure of placees who become substantial shareholders of EEHB arising from the IPO, if any. <p>KAF IB must ensure that the overall distribution of EEHB's securities is properly carried out to mitigate any disorderly trading in the secondary market; and</p>	To be complied
(g)	EEHB / KAF IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of EEHB to the Official List.	To be complied

3.1.2 SC

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 10 June 2024, approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies.

3. APPROVALS AND CONDITIONS (CONT'D)

The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	EEHB allocating Shares equivalent to 12.50% of its enlarged number of issued Shares at the point of Listing to Bumiputera investors to be approved by the MITI; and	Complied
(b)	EEHB is to make available at least 50.00% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	Complied

The effects of our Listing on our equity structure are as follows:

Category of shareholders	After the Acquisition		After our Listing	
	No. of Shares	(1)%	No. of Shares	(2)%
Bumiputera				
- Bumiputera public investors via balloting	-	-	⁽³⁾ 40,000,000	2.00
- Bumiputera investors to be approved by the MITI	-	-	⁽⁴⁾ 250,000,000	12.50
- Eligible Parties	-	-	⁽⁵⁾ 3,000,000	0.15
- BEH	329,999,800	20.00	⁽⁶⁾ 229,999,800	11.50
Total Bumiputera	329,999,800	20.00	522,999,800	26.15
Non-Bumiputera	973,500,000	59.01	⁽⁷⁾ 1,247,000,200	62.35
Total Malaysians	1,303,499,800	79.01	1,770,000,000	88.50
Non-Malaysians	346,500,200	20.99	⁽⁸⁾ 230,000,000	11.50
Total	1,650,000,000	100.00	2,000,000,000	100.00

Notes:

- (1) Based on the issued share capital of 1,650,000,000 Shares before our IPO but after the Acquisition.
- (2) Based on the enlarged issued share capital of 2,000,000,000 Shares after our IPO and the Share Transfer.
- (3) Based on the assumption that 40,000,000 Issue Shares allocated to Bumiputera public investors via balloting are fully subscribed.
- (4) Based on the assumption that 250,000,000 Issue Shares allocated to Bumiputera investors to be approved by MITI via private placement are fully subscribed.
- (5) Based on the assumption that 3,000,000 Issue Shares allocated to the following Bumiputera Directors via Pink Form Allocations are fully subscribed:

Name	Designation	No. of Shares
Tan Sri Dr Azmil Khalili Bin Dato' Khalid	Independent Non-Executive Chairman	500,000
Salihudin	Executive Director / Finance Director	1,500,000
Ahmad Lutfi B.Abdull Mutalip @ Talib	Independent Non-Executive Director	500,000
Rozainah Binti Baharuddin	Independent Non-Executive Director	500,000
Total		3,000,000

- (6) Held by Bumiputera investor, BEH, which was not recognised by MITI.

3. APPROVALS AND CONDITIONS (CONT'D)

- (7) *Based on the assumption that:*
- (i) *40,000,000 Issue Shares allocated to non-Bumiputera Malaysian investors via balloting are fully subscribed;*
 - (ii) *116,500,200 Offer Shares by the Foreign Selling Shareholders allocated to non-Bumiputera Malaysian investors via private placement are fully subscribed;*
 - (iii) *100,000,000 Offer Shares by BEH allocated to non-Bumiputera Malaysian investors via private placement are fully subscribed;*
 - (iv) *133,499,800 Offer Shares by Yeo Hock Cheong allocated to non-Bumiputera Malaysian investors via private placement are fully subscribed;*
 - (v) *17,000,000 Issue Shares allocated to non-Bumiputera Malaysian Eligible Parties via Pink Form Allocations and are fully subscribed, save for our eligible Directors, namely Salihudin, Tan Sri Dr Azmil Khalili Bin Dato' Khalid, Ahmad Lutfi B.Abdull Mutalip @ Talib and Rozainah Binti Baharuddin.*
- (8) *After netting-off 116,500,200 Offer Shares by the Foreign Selling Shareholders.*

3.1.3 SAC

The SAC had on 10 June 2024 classified our Shares as Shariah-compliant based on our latest audited financial information for the FYE 2023.

3.1.4 MITI approval

The MITI had, vide its letter dated 23 May 2024, taken note and has no objection to our Listing.

3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:

- (a) The moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of those Shares held under moratorium ("**Subsequent Moratorium**").

(The period covered under the First 6-Month Moratorium, the Second 6-Month Moratorium and the Subsequent Moratorium shall collectively be referred to as the "**Moratorium Period**")

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3. APPROVALS AND CONDITIONS (CONT'D)

Details of our Specified Shareholders and their Shares which will be subject to the abovesaid moratoriums, are set out below:

Specified Shareholders	Year 1		Year 2		Year 3			
	Moratorium shares during the First 6- Month Moratorium		Moratorium shares during the Second 6- Month Moratorium		Moratorium shares		Moratorium shares	
	No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(1) %
Yeo Hock Cheong	100,180,000	5.01	69,355,385	3.47	46,236,924	2.31	23,118,461	1.16
Kayavest	327,320,400	16.37	226,606,431	11.33	151,070,954	7.55	75,535,477	3.78
Mikro MSC	412,499,800	20.62	285,576,784	14.28	190,384,523	9.52	95,192,261	4.76
BEH	229,999,800	11.50	159,230,631	7.96	106,153,754	5.31	53,076,877	2.65
Koh Xian Kai	50,000,000	2.50	34,615,385	1.73	23,076,923	1.15	11,538,462	0.58
Steven Djunaidi	50,000,000	2.50	34,615,385	1.73	23,076,923	1.15	11,538,462	0.58
Ang Kian Siong (Hong Jianqiang)	50,000,000	2.50	34,615,385	1.73	23,076,923	1.15	11,538,462	0.58
Almuhaysini Ali Abdullah	40,000,000	2.00	27,692,307	1.38	18,461,538	0.92	9,230,769	0.46
Cao Yu	40,000,000	2.00	27,692,307	1.38	18,461,538	0.92	9,230,769	0.46
Total	1,300,000,000	65.00	900,000,000	45.00	600,000,000	30.00	300,000,000	15.00

Note:

(1) Based on the enlarged issued share capital of 2,000,000,000 Shares after the IPO and the Share Transfer

The moratorium has been fully accepted by our Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the Moratorium Period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Specified Shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

3. APPROVALS AND CONDITIONS (CONT'D)

In accordance with Rule 3.19(2) of the Listing Requirements, where the Specified Shareholder is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to Bursa Securities that they will comply with the moratorium restriction.

In this regard, the ultimate shareholders of the following companies have also undertaken not to sell, transfer or assign their shareholdings in the respective companies during the Moratorium Period:

- (a) SJR Holdings, being the sole shareholder of BEH and Mohammad Suffian Bin Md Yusof, being the sole shareholder of SJR Holdings; and
- (b) Yeo Hock Cheong, being the sole shareholder of Kayavest.

For clarity, Mikro MSC is a listed corporation on the ACE Market of Bursa Securities and thus, its shareholders are being exempted from the compliance with Rule 3.19(2) of the Listing Requirements.

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION

The period for Application will open at 10.00 a.m. on 6 August 2024 and will remain open until 5.00 p.m. on 12 August 2024.

LATE APPLICATIONS WILL NOT BE ACCEPTED.

4.2 INDICATIVE TIMETABLE

Events	Date
Issuance of this Prospectus / Opening of Application	6 August 2024
Closing Date / Closing of Application	12 August 2024
Balloting of Application	14 August 2024
Allotment / Transfer of IPO Shares to successful applicants	21 August 2024
Date of Listing	22 August 2024

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and make an announcement on Bursa Securities' website.

4.3 DETAILS OF OUR IPO

4.3.1 Public Issue

A total of 350,000,000 Issue Shares, representing 17.50% of our enlarged issued share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(a) Malaysian Public

80,000,000 Issue Shares, representing 4.00% of our enlarged issued share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

- (i) 40,000,000 Issue Shares, representing 2.00% of our enlarged issued share capital, will be made available to non-Bumiputera Malaysian Public; and
- (ii) 40,000,000 Issue Shares, representing 2.00% of our enlarged issued share capital, will be made available to Bumiputera Public.

(b) Eligible Parties

20,000,000 Issue Shares, representing 1.00% of our enlarged issued share capital, are reserved for our Eligible Parties under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.4 of this Prospectus.

(c) Private placement made available to Bumiputera investors identified/approved by the MITI

250,000,000 Issue Shares, representing 12.50% of our enlarged issued share capital, are reserved for private placement made available to Bumiputera investors identified/approved by the MITI.

Upon completion of our Public Issue, our issued share capital will increase from RM34,980,979 comprising 1,650,000,000 Shares to RM136,480,979 comprising 2,000,000,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)

4.3.2 Offer for Sale

A total of 350,000,000 Offer Shares, representing 17.50% of our enlarged issued share capital, are offered by our Selling Shareholders to selected non-Bumiputera investors by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus. The details of our Selling Shareholders and their relationship with our Group are as follows:

Name / Nationality or Place of Incorporation / Address	Relationship with our Group	Before our IPO but after Acquisition		Offer for Sale			After our IPO and the Share Transfer	
		No. of Shares	(1)%	No. of Shares	(1)%	(2)%	No. of Shares	(2)%
Yeo Hock Cheong (Malaysian) No. 48, Jalan Mentari 4, Taman Naga Emas, Salak Selatan, 57100 Kuala Lumpur	Promoter, Executive Director/CEO, Specified Shareholder and substantial shareholder	561,000,200	34.01	133,499,800	8.09	6.67	⁽³⁾ 100,180,000	5.01
BEH (Malaysia) C-02-12 Pusat Komersial Tebing Selatan, No.179 Jalan Kelang Lama, 58000 Kuala Lumpur	Specified Shareholder and substantial shareholder	329,999,800	20.00	100,000,000	6.06	5.00	229,999,800	11.50
Koh Xian Kai (Singaporean) D-11-06/07, Menara Suezcap 1, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur	Foreign Selling Shareholder and Specified Shareholder	75,428,600	4.57	25,428,600	1.54	1.27	50,000,000	2.50
Steven Djunaidi (Indonesian) 23B, Keraton Luxury Residence, Jl. Mh Thamrin Kav 15, Jakarta 10350, Indonesia	Foreign Selling Shareholder and Specified Shareholder	75,428,600	4.57	25,428,600	1.54	1.27	50,000,000	2.50
Ang Kian Siong (Hong Jianqiang) (Singaporean) 30 Sturdee Road, #19-05 Kerrisdale, Singapore 207852	Foreign Selling Shareholder and Specified Shareholder	75,428,600	4.57	25,428,600	1.54	1.27	50,000,000	2.50

4. DETAILS OF OUR IPO (CONT'D)

Name / Nationality or Place of Incorporation / Address	Relationship with our Group	Before our IPO but after Acquisition		Offer for Sale			After our IPO and the Share Transfer	
		No. of Shares	(1)%	No. of Shares	(1)%	(2)%	No. of Shares	(2)%
Almuhaysini Ali Abdullah (Saudi Arabian) 4860 Essam bin Obaid Street, AlNaseem AlGharbi District Riyadh	Foreign Selling Shareholder and Specified Shareholder	60,107,200	3.64	20,107,200	1.22	1.01	40,000,000	2.00
Cao Yu (PRC Chinese) 8A Paterson Hill #07-03, The Marq on Paterson Hill, Singapore 238568	Foreign Selling Shareholder and Specified Shareholder	60,107,200	3.64	20,107,200	1.22	1.01	40,000,000	2.00

Notes:

- (1) Based on the issued share capital of 1,650,000,000 Shares before our IPO but after Acquisition.
- (2) Based on the enlarged issued share capital of 2,000,000,000 Shares after our IPO.
- (3) After the Offer for Sale of 133,499,800 Offer Shares by Yeo Hock Cheong and the Share Transfer, where 327,320,400 Shares held by Yeo Hock Cheong will be transferred to Kayavest during the prescription period, after our IPO.

4.3.3 Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM136,480,979 comprising 2,000,000,000 Shares shall be listed on the ACE Market.

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4. DETAILS OF OUR IPO (CONT'D)

4.3.4 Pink Form Allocations

We have allocated 20,000,000 Issue Shares under the Pink Form Allocations to our Eligible Parties as follows:

Category	No. of Eligible Parties	Aggregate no. of Issue Shares allocated
Directors ⁽¹⁾	5	3,500,000
Eligible employees ⁽²⁾	16	4,500,000
Persons who have contributed to the success of our Group ⁽³⁾	2	12,000,000
Total	23	20,000,000

(1) Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on, amongst others, their anticipated contribution to our Group. Yeo Hock Cheong (our Executive Director/ CEO) and Dr Wang Hong (our Non-Independent Non-Executive Director) have opted not to participate in the Pink Form Allocations.

Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares allocated
Tan Sri Dr Azmil Khalili Bin Dato' Khalid	Independent Non-Executive Chairman	500,000
Salihudin	Executive Director / Finance Director	1,500,000
Tan Suat Hoon	Independent Non-Executive Director	500,000
Ahmad Lutfi B.Abdull Mutalip @ Talib	Independent Non-Executive Director	500,000
Rozainah Binti Baharuddin	Independent Non-Executive Director	500,000
Total		3,500,000

(2) Allocation to our eligible employees

The criteria of allocation to our eligible employees (as approved by our Board) are based on, among others, the following factors:

- (i) our employees must be a full-time confirmed employee and on the payroll of our Group;
- (ii) the seniority, position, their length of service and their respective performance and contribution made to our Group;
- (iii) our employees must be at least 18 years old; and
- (iv) other factors deemed relevant to our Group.

4. DETAILS OF OUR IPO (CONT'D)

Details of the proposed allocation to our key senior management are as follows:

Name	Designation	No. of Issue Shares allocated
Teoh Soon Tek	COO	800,000
Loo Ze Hui	Head of Finance and Project	500,000
Choo Mun Chen	Operation Manager	500,000
Total		1,800,000

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

Persons who have contributed to the success of our Group include business associates and suppliers, whom are not related parties to our Group.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship, length of their relationship and the level of contribution and support to our Group.

4.3.5 Placement and underwriting arrangement

Our Underwriter will underwrite 100,000,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 250,000,000 Issue Shares available for application by Bumiputera investors approved by the MITI and 350,000,000 Offer Shares available to selected non-Bumiputera investors will be placed out by our Placement Agent and will not be underwritten.

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

(a) Malaysian Public

80,000,000 Issue Shares made available to the Malaysian Public have been fully underwritten. Any of our Issue Shares not subscribed by the Malaysian Public, shall be subject to the following clawback and reallocation provisions:

- (i) Firstly, allocated for excess application by our Eligible Parties.
- (ii) Secondly, allocated to selected investors by way of private placement.
- (iii) Lastly, subscribed by our Underwriter based on the terms of the Underwriting Agreement.

(b) Eligible Parties

20,000,000 Issue Shares made available to the Eligible Parties have been fully underwritten. Any of our Issue Shares not fully subscribed by the Eligible Parties, shall be subject to the following clawback and reallocation provisions:

- (i) Firstly, allocated for excess application by our other Eligible Parties.
- (ii) Secondly, made available for application by the Malaysian Public via balloting.
- (iii) Thirdly, allocated to selected investors by way of private placement.
- (iv) Lastly, subscribed by our Underwriter based on the terms of the Underwriting Agreement.

4. DETAILS OF OUR IPO (CONT'D)

- (c) Selected Bumiputera investors identified/approved by MITI

250,000,000 Issue Shares made available to the selected Bumiputera investors identified/approved by MITI by way of private placement are not underwritten. Any of our Issue Shares not subscribed by the Bumiputera investors identified/approved by MITI, shall be subject to the following clawback and reallocation provisions:

- (i) Firstly, allocated to Malaysian institutional investors by way of private placement.
- (ii) Secondly, made available for application by the Bumiputera Malaysian Public via balloting.
- (iii) Thirdly, made available for application by the Malaysian Public via balloting.
- (iv) Fourthly, allocated for excess application by our Eligible Parties.
- (v) Lastly, allocated to selected investors by way of private placement.

The clawback and reallocation shall not apply in the event of over-application of the Issue Shares allocated to the Malaysian Public, Pink Form Allocations and private placement to Bumiputera investors approved by MITI.

4.3.6 Minimum requirements and subscription

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

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Board. Our Board will ensure that any excess Issue Shares will be allocated on a fair and equitable manner.

Under the Listing Requirements, at least 25.00% of our enlarged issued share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing.

If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. Please refer to Section 9.3.2 of this Prospectus for details in the event our Listing is delayed or aborted.

As at the LPD, to the extent known to our Company:

- (a) there are no substantial shareholders, Directors or key senior management of our Company who have indicated to us that they intend to subscribe for the IPO Shares; and
- (b) there are no person(s) who have indicated to us that they intend to subscribe for more than 5.00% of the IPO Shares.

4. DETAILS OF OUR IPO (CONT'D)

4.4 SHARE CAPITAL AND RANKING OF OUR SHARES

Upon completion of our IPO, our enlarged issued share capital would be as follows:

Details	No. of Shares	RM
Existing issued share capital	1,650,000,000	34,980,979
New Shares to be issued under our Public Issue	350,000,000	101,500,000
Enlarged share capital upon our Listing	2,000,000,000	136,480,979

Our Offer for Sale will not have any effect on our enlarged issued share capital.

As at the date of this Prospectus, we have only one (1) class of shares, being 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 and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. On a vote by shows of hands, each shareholder present (either in person, or by proxy, or by representative) shall have one (1) vote. On a vote by way of poll, each shareholder present (either in person, or by proxy, or by representative) shall have one (1) vote for each Share held. A proxy may but need not be a shareholder of our Company.

4.5 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and our Principal Adviser, after taking into consideration the following factors:

- PE Multiple of approximately 24.61 times based on our EPS of 1.18 sen for the FYE 2023 computed based on our audited PAT for the FYE 2023 of RM23.56 million and our enlarged issued share capital of 2,000,000,000 Shares upon Listing
- our pro forma NA per Share of 7.58 sen as at 30 April 2024 based on our enlarged issued share capital of 2,000,000,000 Shares, after our IPO and utilisation of proceeds from Public Issue as set out in Section 4.7 of this Prospectus;
- our historical financial performance (as summarised below) and operating history as set out in Section 2.10 and Section 12.1 of this Prospectus;

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	115,114	144,440	335,251	87,776	117,657
GP	9,296	15,163	45,969	9,646	25,831
PAT	1,742	6,289	23,565	4,889	14,967

4. DETAILS OF OUR IPO (CONT'D)

- (d) our competitive strengths as set out in Section 7.19 of this Prospectus;
- (e) our future plans and business strategies as set out in Section 7.20 of this Prospectus; and
- (f) the industry overview and outlook based on the IMR Report as set out in Section 8 of this Prospectus.

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

4.6 DILUTION

Dilution is the amount by which our IPO Price to be paid by the applicants for our IPO Shares exceeds our pro forma combined NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	Details	RM
IPO Price	(A)	0.29
Pro forma combined NA per Share as at 30 April 2024 before our IPO but after the Acquisition	(B)	0.03
Pro forma combined NA per Share as at 30 April 2024 after our IPO and the utilisation of proceeds	(C)	0.08
Increase in pro forma combined NA per Share attributable to existing shareholders	(C-B)	0.05
Dilution to our new investors	(A-C)	0.22
Dilution to our new investors as a percentage of our IPO Price	(A-C) / (A)	75.86%

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Directors and substantial shareholders	⁽¹⁾ No. of Shares held before our IPO but after the Acquisitions	⁽²⁾ Total Consideration (RM)	Average effective cost per Share (RM)
Yeo Hock Cheong	⁽³⁾ 561,000,200	⁽³⁾ 11,894,183	0.0212
Mikro MSC	412,499,800	8,744,996	0.0212
BEH	329,999,800	6,995,996	0.0212
Koh Xian Kai	75,428,600	1,599,086	0.0212
Steven Djunaidi	75,428,600	1,599,086	0.0212
Ang Kian Siong (Hong Jianqiang)	75,428,600	1,599,086	0.0212
Almuhaysini Ali Abdullah	60,107,200	1,274,273	0.0212
Cao Yu	60,107,200	1,274,273	0.0212

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

- (1) *Being Shares issued pursuant to the Acquisition.*
- (2) *Calculated based on the purchase consideration for the Acquisition attributable to them.*
- (3) *Including 1,000 subscriber shares of RM1,000 transferred to him after the Acquisition.*

Save as disclosed above and the Pink Form Allocations, there is no substantial disparity between our IPO Price and the effective cash cost to our Directors, substantial shareholders, key senior management and/or persons connected with them for any of our Shares acquired by them or they have the right to acquire our Shares in any transaction from our date of incorporation up to the date of this Prospectus.

4.7 UTILISATION OF PROCEEDS**4.7.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM101.50 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	Timeframe for utilisation from the date of Listing
Capital expenditure for the following:				
- Construction of new factory and warehouse in Kuantan	(1)	47,000	46.31	Within 36 months
• <i>Land acquisition cost</i>		20,000	19.71	<i>Within 15 months</i>
• <i>Construction cost</i>		27,000	26.60	<i>Within 36 months</i>
- Purchase of new machineries and equipment	(2)	21,141	20.82	Within 18 months
Working capital	(3)	27,059	26.66	Within 12 months
Estimated listing expenses	(4)	6,300	6.21	Within 3 months
Total		101,500	100.00	

Notes:**(1) Capital expenditure for the construction of new factory and warehouse in Kuantan ("New Kuantan Facility")**

In conjunction with our Group's business plans and strategies (as further discussed in Section 7.20 of this Prospectus) to undertake the manufacturing of PKS in-house in Kuantan, Pahang, we intend to allocate RM 47.00 million, representing approximately 46.31% of the gross proceeds from our Public Issue, to fund the acquisition of lands and the construction costs for the New Kuantan Facility.

We will be identifying a suitable land in Kuantan, Pahang ("**Land**") with a total land size of approximately 435,000 sq ft. The total built-up area of the New Kuantan Facility is estimated to be 105,000 sq ft based on the initial planning.

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4. DETAILS OF OUR IPO (CONT'D)

The tentative details of the New Kuantan Facility are as follows:

Location	Kuantan area with good accessibility to Kuantan Port, Pahang
Land area	435,000 sq ft*
Built-up area	105,000 sq ft
<i>Comprising:</i>	
• <i>factory cum warehouse</i>	<i>One (1) unit measuring 100,000 sq ft</i>
• <i>office</i>	<i>One (1) unit measuring 5,000 sq ft</i>

Note: *For clarity, the remaining area (e.g. 330,000 sq ft) is open space and will be partially utilised for storage of raw materials.

A breakdown of the estimated cost in relation to the construction of the New Kuantan Facility based on contractor's quotation procured is as follows:

Estimated costs	RM'000
Land costs (including acquisition cost, legal fees, stamping fees and other related costs)	20,000
<u>Construction costs</u>	
- Building works	20,000
- External works	7,000
Total	<u>47,000</u>

For clarity, the estimated costs are indicative as the final contracts for the construction of the New Kuantan Facility can only be finalised and entered into after our IPO.

The construction of the New Kuantan Facility is expected to complete within 24 months upon the identification of Land as illustrated below:

Milestones	Estimated timeframe
Identification of Land	Between 6-12 months upon receipt of the gross proceeds from our Public Issue ("T")
Completion of acquisition of Land	T + 3 months
Procuring the requisite approval	T + 9 months
Commencement of construction	T + 10 months
Completion of construction	T + 19 months
Issuance of CCC	T + 22 months
Commencement of operation	T + 24 months

The estimated costs of the machineries and equipment required to fit out the New Kuantan Facility are further detailed in Note (2) below.

Any excess amount required for the construction of the New Kuantan Facility will be funded by internally generated funds and/or bank borrowings. Conversely, if the actual amount for the construction of the New Kuantan Facility is lower than budgeted, the excess will be used for working capital purposes.

4. DETAILS OF OUR IPO (CONT'D)

Upon the commencement of the operation of the New Kuantan Facility, our Group may continue to engage the third-party contract manufacturer namely MBSB, which is based in Kuantan, subject to the demand requirement at that point of time. Please refer to Section 12.3.2(B)(e) of this Prospectus for further details of the warehousing manufacturing service agreement with MBSB.

Please refer to Section 7.20.1 of this Prospectus for further details on our Group's plan to set up the New Kuantan Facility.

(2) Capital expenditure for purchase of new machineries and equipment

We intend to allocate RM21.14 million, representing approximately 20.82% of the gross proceeds from our Public Issue, to part finance the purchase of new machineries and equipment for production of PKS in the new factories and warehouses in Johor, Kuantan and Sabah.

The details of the machineries and equipment as well as breakdown of the estimated costs are as follows:

	Pasir Gudang, Johor	⁽¹⁾ Kuantan, Pahang	Lahad Datu, Sabah	⁽²⁾ Estimated costs (RM'000)
	(Unit)	(Unit)	(Unit)	(RM'000)
PKS production line machineries ⁽³⁾	6	6	6	18,900
Wheel loader	2	2	2	1,920
Excavator	2	2	2	2,100
Cabling / Installation charges	1	1	1	270
Conveyor system	2	2	2	300
Total				23,490

Notes:

(1) *This site will be rented temporarily prior to completion of the New Kuantan Facility. Upon completion of the New Kuantan Facility, the machineries and equipment in this site will be relocated to and installed in the New Kuantan Facility. The total for relocation and installation costs are estimated to be approximately between RM100,000 to RM200,000.*

(2) *The total estimated costs will be funded via the following: (i) 90% of the total cost will be funded via gross proceeds from the Public Issue; and (ii) remaining 10% of the total cost will be funded via internally generated funds and/or bank borrowings.*

The total estimated costs are inclusive of the installation cost of the machineries and equipment.

(3) *Each location will be equipped with two (2) PKS production line consists of two (2) stone removal units and four (4) screening units.*

For clarity, the estimated costs are indicative based on the suppliers' quotation procured.

We intend to purchase the abovementioned new machineries and equipment from the respective suppliers during the setting up of the factories at the respective locations after such factories are identified. The timeline for setting up the factories in Johor and Sabah are as follows:

4. DETAILS OF OUR IPO (CONT'D)

Timeline for new factory in Pasir Gudang, Johor	
Q3 2024	Identification of premises to rent
	Procurement of the machineries and equipment
Q4 2024	Expected receipt of machineries and equipment
	Installation of production lines
	Expected commencement of operations

Timeline for new factory in Kuantan, Pahang (temporary factory while awaiting for the New Kuantan Facility to be operational)	
Q3 2024	Identification of premises to rent
	Procurement of the machineries and equipment
Q4 2024	Expected receipt of machineries and equipment
	Installation of production lines
	Expected commencement of operations

Timeline for new factory in Lahad Datu, Sabah	
Q1 2025	Identification of premises to rent
	Procurement of the machineries and equipment
Q2 2025	Expected receipt of machineries and equipment
	Installation of production lines
	Expected commencement of operations

The new machineries and equipment will provide our Group with an additional production capacity for PKS of 720,000 MT annually.

Any remaining balance and excess amount required for the purchase of the new machineries and equipment will be funded by internally generated funds and/or bank borrowings. Conversely, if the actual amount for the purchase of the new machineries and equipment is lower than budgeted, the excess will be used for working capital purposes to purchase raw materials.

(3) Working capital

We intend to allocate RM27.05 million, representing approximately 26.66% of the gross proceeds from our Public Issue to fund our working capital requirements. The breakdown of such utilisation for each component of the working capital are as follows:

	RM'000	%
Purchase of raw materials ⁽¹⁾	24,750	91.51
General administrative expenses ⁽²⁾	2,309	8.49
Total	27,059	100.00

Note:

- (1) *The estimated purchase of raw materials is broken down to approximately RM20.30 million and RM4.45 million representing 82.00% and 18.00% of the total for the purchase of unprocessed PKS and wood residues respectively. The actual allocation will depend on the operating requirement at the time of utilisation.*
- (2) *RM2.31 million of the proceeds for the working capital are allocated for the following general administrative expenses:*
- (i) staff-related costs and payroll – which would include salaries, wages, allowances, bonuses and other employees' contribution;*
 - (ii) utilities expenses – which would include electricity, upkeep of machinery/equipment and maintenance costs; and*

4. DETAILS OF OUR IPO (CONT'D)

- (iii) *other overhead expenses – which would include licensing fees, office expenses, quit rents and stamp duties.*

Our Group had in the past and is currently been funding its working capital via bank borrowings and internally generated funds. Therefore, the above working capital allocation from our Public Issue is expected to enhance our Group's liquidity and cash flow position to support the expected growth in our daily operations.

The allocation on working capital requirements is in line with our Group's business plan to increase our production capacity in anticipation of growing sales from international markets which requires additional raw materials for our production.

Please refer to Section 7.20 of this Prospectus for further details on our Group's future plans and business strategies.

(4) Estimated listing expenses

An amount of RM6.30 million, representing approximately 6.21% of the gross proceeds from our Public Issue, is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Estimated listing expenses	RM'000
Professional fees ⁽¹⁾	2,714
Fees payable to authorities	86
Underwriting, placement and brokerage fees	2,820
Printing fees and contingencies ⁽²⁾	680
	6,300

Notes:

- (1) *Includes advisory fees for, amongst others, our Principal Adviser, due diligence solicitors, Reporting Accountants, IMR and Issuing House.*
- (2) *Includes any other incidental charges or related expenses in relation to our IPO such as fees paid to translator, public or investor relation consultants, printing of Prospectus, forms and envelopes, advertisement of Prospectus, sales and service tax and funds reserved for contingency purposes.*

In the event the allocated proceeds are insufficient for our listing expenses, the shortfall will be funded from the amount allocated for our working capital requirements. Conversely, if the actual listing expenses is lower than the amount budgeted above, the excess will be allocated for our working capital requirements.

The proceeds from the Public Issue (save for the estimated listing expenses) will be placed in short-term deposits or money market instruments with licensed financial institutions until eventual utilisation. The interest/ income/ dividend to be received from placement of the said proceeds in the short-term deposits or money market instruments with licensed financial institutions will be used as additional working capital of our Group (e.g. payroll expenses, utilities, statutory payments and any other overhead expenditures).

4.7.2 Offer for Sale

The Offer for Sale will raise gross proceeds of approximately RM101.50 million which will accrue entirely to our Selling Shareholders and we will not receive any of the proceeds.

Our Selling Shareholders shall bear all of the expenses relating to the Offer for Sale, the aggregate of which is estimated to be approximately RM2.54 million.

4. DETAILS OF OUR IPO (CONT'D)

4.8 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.8.1 Brokerage fees

Brokerage is payable in respect of our Issue Shares at the rate of 1.00% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or Issuing House.

4.8.2 Placement fees

We will be obliged to pay our Placement Agent a placement fee of 2.00% of the total value of the 250,000,000 Issue Shares placed out by our Placement Agent.

The placement fee of 2.00% of the total value of 350,000,000 Offer Shares placed out by our Placement Agent will be borne entirely by our Selling Shareholders.

4.8.3 Underwriting commission

Our Underwriter has agreed to underwrite 100,000,000 Issue Shares made available for application by the Malaysian Public and Eligible Parties. We are obligated to pay our Underwriter an underwriting commission of 2.00% of the total value of our Issue Shares underwritten at our IPO Price.

4.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with KAF IB, to underwrite 100,000,000 Issue Shares ("**Underwritten Shares**"). The following are the salient terms of the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

- (i) To the extent permitted by law, unless waived by the Underwriter in writing (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Underwriter under the Underwriting Agreement are conditional upon:
 - (a) the Underwriting Agreement having been duly executed by all the Parties and stamped and has not been terminated or rescinded pursuant to the provisions herein and the Underwriting Agreement remaining in full force and effect and no breach in respect of the Underwriting Agreement has occurred;
 - (b) there having been on or prior to the Closing Date, neither any material adverse change nor any development reasonably likely to result in any material adverse change in the condition, business or operations (financial or otherwise) of the Company and any company within the Group, which is material in the context of the Listing and IPO from that set forth in the 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 which makes any of the representations and warranties contained in Clause 3 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 and/or failure by the Company to perform any of the warranties or undertakings contained in Clause 3;
 - (c) the delivery to the Underwriter:

4. DETAILS OF OUR IPO (CONT'D)

- (i) on or before the Closing Date (or such later time as the Parties may agree), a copy certified as a true copy by the company secretary of the Company of the constitution of the Company and all the resolutions of the Directors approving the Underwriting Agreement (including the execution of the Underwriting Agreement), the Prospectus (including the issuance of the Prospectus), the proposed Listing and the IPO, including the Public Issue and the issue and allotment of the Issue Shares under the Public Issue and confirming that the Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus; and
 - (ii) on the Closing Date (or such later time as the Parties may agree), a certificate, in the form or substantially in the form contained in the Second Schedule of the Underwriting Agreement, dated the Closing Date signed by a Director or duly authorised officers of the Company stating among others, 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 Clause 2.5.2;
- (d) the Prospectus being in the form and substance satisfactory to the Underwriter;
- (e) the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors of the Company as the Underwriter may reasonably require (provided that the Underwriter has provided at least fourteen (14) days' prior written notice to the Company requesting for such reports and confirmations) 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 the Company and the Group;
- (f) the Underwriter having been satisfied that sufficient arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 14;
- (g) the Listing and the IPO 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;
- (h) there is no investigation, directions or actions by any judicial, governmental or regulatory authority in relation to the Company's Listing or in connection with the Group which is still subsisting or unresolved to the satisfaction of our Underwriter;
- (i) the Company having complied and that the Listing and the IPO are in compliance with all applicable laws and the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;
- (j) the Company having fully complied with all the conditions which are required to be complied with prior to the issuance of the Prospectus or the Closing Date imposed by the SC and Bursa Securities in respect of the Listing and the IPO (except for any conditions which can only be complied with after completion of the Listing, as may be directed by the SC and Bursa Securities);
- (k) the registration with Bursa Securities of the Prospectus and such other documents as may be required in accordance with the Listing Requirements and the CMSA in relation to the Listing and the lodgement of the Prospectus with the CCM on or before its issuance;

4. DETAILS OF OUR IPO (CONT'D)

- (l) Bursa Securities has agreed and approved on or prior to the Closing Date to the admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Securities, and if the approval of Bursa Securities shall be conditional, all conditions thereto being in terms acceptable to the Underwriter and the said approval remaining valid and have not been withdrawn, revoked, suspended, terminated or lapsed and that the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Securities shall be granted after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from 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;
 - (m) the Prospectus having been issued within sixty (60) days of the date of the Underwriting Agreement or within such extended period as may be mutually determined by the Underwriter and the Company;
 - (n) the issuance and allotment of the Issue Shares having been approved by Bursa Securities and any other relevant authorities and such authorisation has not been amended, withdrawn, revoked, suspended, terminated or lapsed and all conditions of the approval has been complied with;
 - (o) all necessary approvals and authorisations required in relation to the Listing and Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
 - (p) the Underwriter having been satisfied that on or prior to the Closing Date, there is no breach of, or failure on the part of the Company to comply with, any of its obligations and undertakings under the Underwriting Agreement which would give rise to a material adverse effect;
 - (q) all the resolutions referred to in Clause 2.5.3.1 remaining in full force and effect as at the Closing Date and none having been rescinded, revoked or varied; and
 - (r) each of the Company's representations, warranties and undertakings as set out in the Underwriting Agreement remaining true, accurate and correct, in all respects, at all times up to and including the Closing Date.
- (ii) Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time before the Listing Date, terminate, cancel or withdraw their commitment to underwrite the Underwritten Shares if:
- (a) the provisions under Clause 2.6 of the Underwriting Agreement are invoked;
 - (b) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Underwriter within such number of days as stipulated by the Underwriter to the Company in writing or as stipulated in the written notice informing the Company of such breach or by the Closing Date, whichever is earlier; or
 - (c) there is withholding of information which is required to be disclosed by or to the Underwriter, pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated by the Underwriter to the Company in writing or as stipulated in the written notice informing the Company of such breach which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Listing, or the distribution or sale of the IPO Shares; or

4. DETAILS OF OUR IPO (CONT'D)

- (d) there shall have occurred, happened or come into effect, or which in the opinion of the Underwriter is likely to occur, any material and adverse change to the business or financial condition of the Company or the Group from that set out in the Prospectus which is material in the context of the offering of the IPO Shares and the Listing; or
- (e) there shall have occurred, happened or come into effect any of the following circumstances:
- (i) 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;
 - (ii) 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 Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);
 - (iii) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, national emergency, civil war or commotion, hijacking, terrorism;
 - (iv) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power;
 - (v) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, outbreak of disease, epidemics, pandemic, the imposition of lockdowns or similar measures to control the spread of any epidemic which results in the closure of banks or government or regulatory offices or any other authorities which are required for the Underwriter to perform their obligations under the Underwriting Agreement, or other acts of God (For the avoidance of doubt, the foregoing shall exclude any movement control order(s) issued under the Prevention and Control of Infectious Diseases Act 1988 and/or the Police Act 1967 or otherwise by the Government amid the existing COVID-19 pandemic);
 - (vi) any government requisition or other occurrence of any nature whatsoever;
 - (vii) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for three (3) consecutive Market Days or more; and/or
 - (viii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the ACE Market of Bursa Securities due to exceptional financial circumstances or otherwise,

which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on the business or the operations of the Group, the success of the Listing and/or the IPO, or the distribution or sale of the IPO 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

4. DETAILS OF OUR IPO (CONT'D)

- (f) there is failure on the part of the Company to perform any of its obligations herein contained which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Underwriter within such number of days as stipulated by the Underwriter to the Company in writing or as stipulated in the written notice informing the Company of such breach or by the Closing Date, whichever is earlier; or
- (g) any approvals for the Listing are revoked, or withdrawn, or subject to the conditions not acceptable to the Underwriter; or
- (h) the Closing Date is not the day and time adopted in the Prospectus or such other extended date as may be agreed in writing by the Underwriter; or
- (i) the IPO or the Listing is stopped or delayed by the Company for any reason whatsoever (unless such delay arises due to action or non-action of the regulatory authorities or has been approved by the Underwriter); or
- (j) save as disclosed in the Prospectus, any commencement of legal proceedings or action against any member of the Group or any of their directors (excluding the independent non-executive directors of the Company) which would have or is likely to have a material adverse effect or make it impracticable to enforce contracts to allot and/or transfer the IPO Shares; or
- (k) any of the resolutions or approvals referred to in Clause 2.5 is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have a material adverse effect; or
- (l) any material statements contained in the Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect, or matters have arisen or have been discovered which would, if any of the Prospectus were to be issued at that time, constitute a material omission therefrom as of the latest practicable date of the Prospectus.

4.10 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, 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.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will 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 payment for the securities is generally settled on the second Market Day following the transaction date.

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

5.1 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

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

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

Notes:

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

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

5.1.2 Profiles of Promoters and/or substantial shareholders

(a) Yeo Hock Cheong

Promoter, substantial shareholder, Executive Director/CEO

Yeo Hock Cheong, a Malaysian male, aged 46, is our Promoter, substantial shareholder, Executive Director/CEO. He was appointed to our Board on 1 February 2024. He was appointed as the Executive Director and CEO of BESB since March 2018 and is responsible for determining our Group's strategic direction and business development.

In 1995, he completed his secondary education in Phor Tay Private High School in George Town, Penang.

Upon graduating, he worked as a technical assistant to his father where he assisted in various handyman task including installation of television antennas for residential houses. During the course of his apprenticeship, his job scope expanded to include the disposal and/or recycling of unwanted television antennas, where he then saw an opportunity in the business of selling and distribution of scrap metal and related recycled products.

As such, in March 2006, he founded Jin Yeng Trading, a sole proprietor involved in the selling and distribution of scrap metal and related recycled products, as well as the trading of praying materials. He was responsible for the business development and overall management of the business.

In July 2010, he ceased business under Jin Yeng Trading and incorporated Golden World Metal Sdn Bhd with Teoh Soon Tek, a company involved in the sales and distributions of scrap metal and related recycle products and export and import of aluminium, metal and non-metal waste and scrap. The business of Jin Yeng Trading was subsequently expired in October 2016. As a director of Golden World Metal Sdn Bhd, he was responsible for overseeing the business strategy and development, as well as the overall management of the company. To date, he remains as a non-executive director and shareholder of Golden World Sdn Bhd, where the company has its own independent and standalone management team to undertake its day-to-day management and operations.

In May 2012, he co-founded Global Provestment Sdn Bhd with Teoh Soon Tek, a company involved in the planting and trading of agriculture products. In October 2012, he co-founded Eagle I Holdings Sdn Bhd with Teoh Soon Tek, a company involved in the activity of providing transportation and weighing services. In June 2017, he co-founded GPI Management Sdn Bhd with Teoh Soon Tek, a company involved in the provision of business management consultancy services.

He joined BESB as the Executive Director, CEO and shareholder in March 2018 after acquiring 75% direct equity interest in BESB. He has played an instrumental role on every aspect of the operation and business development since his involvement in BESB, where he formulated business plans in line with our Group's strategic goals and expended the customer base of our Group.

Subsequent to joining BESB, he founded BTH Power Sdn Bhd in December 2019, a company involved in operation in electricity generation facility, wholesale of variety goods including metal and non-metal waste, scrap and recycled materials. The company dissolved in October 2022.

Presently, he also holds directorship in several private limited companies. Please refer to Section 5.2.3(b) of this Prospectus for further details.

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

(b) Salihudin
Promoter, Executive Director/Finance Director

Salihudin, a Malaysian male, aged 53, is our Promoter, Executive Director/Finance Director. He was appointed to our Board on 10 January 2024. He was appointed as the Chief Financial Officer of BESB since August 2023 and Finance Director of our Group since 10 January 2024, and is responsible for managing and advising on the strategic financial direction of the Group.

He obtained a Bachelor of Accounting with honours from the International Islamic University Malaysia in 1996.

He started his career in Azman, Wong, Salleh & Co, an audit firm, as Audit Assistant in December 1995 where he was involved in several audit assignments. He left in June 1996 to join Malaysian Resources Corporation Berhad, a company involved in property-related and construction-related activities, as Corporate Executive in Business Development & Corporate Affairs where he co-ordinated submissions to the relevant authorities in relation to various corporate exercises. He resigned in March 1999 and took a short career break.

In September 1999, he joined a subsidiary of Universiti Tun Abdul Razak Sdn Bhd, an educational institution, for a short stint as Operation Executive in Business Development for 3 months before leaving to join Aseambankers Malaysia Berhad ("**Aseambankers**") (now known as Maybank Investment Bank Berhad), a financial institution, as Senior Officer in Corporate Finance. His experience in Aseambankers includes partaking corporate finance exercises such as initial public offering, mergers and acquisitions, private placement, etc. He subsequently left to join AmMerchant Bank Berhad (now known as AmInvestment Bank Berhad) ("**AmInvestment Bank**"), a financial institution, in December 2002 as Assistant Manager in Investment Banking where he specialised in initial public offering works ranging from origination to preparation and submission. In April 2007, he was seconded to PT AmCapital Indonesia, a securities company involved in securities, commodity contracts and other financial investments activities, for 2 years as Associate Director in Corporate Finance where he assisted in the setting up of the corporate finance unit of PT AmCapital Indonesia and was involved in underwriting of debt and equity papers as well as a cross border transaction for mergers and acquisitions exercise.

In November 2009, he left AmInvestment Bank to join Delcom Services Sdn Bhd (a subsidiary of Deleum Berhad), a company principally involved in the provision of gas turbines packages for the oil and gas industry, as General Manager in Corporate Finance where he oversaw the corporate finance function of the company. He rejoined AmInvestment Bank in April 2011 as Associate Director in Corporate Finance where he assumed a similar portfolio of his last position in AmInvestment Bank. He resigned in December 2015 and joined Bursa Malaysia Berhad in January 2016 as Vice President in Securities Market where he oversaw the marketing function of initial public offerings on Bursa Malaysia and played an integral role in the development of the LEAP Market of Bursa Malaysia. During his tenure with Bursa Malaysia Berhad, he was recognised by **PETRONAS** group for his commitment and effort in driving the "PETRONAS Lestari: Road to Bursa" programme, a collaboration initiative between PETRONAS, investment banks and corporate finance advisors to encourage listing activities for companies in the oil and gas sector of Malaysia.

He left Bursa Malaysia Berhad in August 2021 to join SALIHIN Consulting Group Sdn Bhd ("**SALIHIN**"), a company involved in provision of consulting services, management of information system and internal control, as Head of the Capital Market Division where he was responsible for, among others, incubating potential companies in preparation for such companies to undertake an initial public offering exercise and evaluating financial performances of small-to-medium enterprises for fundraising

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

exercises. He left SALIHIN in March 2023 to take a short career break before joining Newman Trust Investment Bank Ltd, an offshore bank incorporated in Labuan, Malaysia, in June 2023 as Director in Advisory for a period of 2 months before joining our Group.

(c) Kayavest
Promoter and substantial shareholder

Kayavest, our Promoter and substantial shareholder, was incorporated on 11 May 2023 in Malaysia under the Act as a private limited company under its present name. The principal activity of Kayavest is an investment holding company solely to invest in our Company.

As at the LPD, the issued share capital of Kayavest is RM1,000 comprising 1,000 ordinary shares. Yeo Hock Cheong is the sole director and sole shareholder of Kayavest.

(d) Mikro MSC
Substantial shareholder

Mikro MSC, our substantial shareholder, was incorporated on 19 June 2006 in Malaysia under the Companies Act, 1965 and deemed registered under the Act as a private limited company under its present name. Mikro MSC was subsequently converted to a public limited company on 17 March 2009 via the internal restructuring exercise of its previous holding company, namely Mikro Berhad. Mikro MSC was admitted to the Official List and the listing of and quotation for its entire enlarged issued share capital on the MESDAQ Market (now known as ACE Market) of Bursa Securities on 15 September 2009 after assumed the listing status of Mikro Berhad.

Mikro MSC is principally involved in the research, development, design and manufacture analogue, digital and computer controlled electronic systems or devices for use in electrical, electronic and other industries and provision of technical and maintenance services.

As at the LPD, the issued share capital of Mikro MSC is RM155,011,787 comprising of 1,073,490,940 ordinary shares. The directors of Mikro MSC are as follow:

Name	Designation
Datuk Aznam Bin Mansor	Non-Independent Non-Executive Chairman
Yim Yuen Wah	Managing Director
Syed Mohd Hafiz Bin Syed Mohd	Executive Director/ CEO
Goh Yoke Chee	Executive Director
Nor Azlan Bin Zainal	Independent Non-Executive Director
Wan Adli Ridzwan Bin Wan Hassan	Independent Non-Executive Director
Dr Wang Hong	Independent Non-Executive Director
Sindi, Mohammed Nabil M	Independent Non-Executive Director
Michael Aw Ming Han	Non-Independent Non-Executive Director
Yang Shing Sing	Non-Independent Non-Executive Director

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

As at the LPD, the substantial shareholders of Mikro MSC are as follows:

Name	Direct Shareholdings	
	No. of shares	%
Cartaban Nominees (Tempatan) Sdn Bhd - RHB Trustees Berhad for Kenanga Islamic Absolute Return Fund	322,039,800	29.99
Yeo Hock Cheong	215,731,223	20.10
Yim Yuen Wah	136,373,900	12.70
Low Khek Heng @ Low Choon Huat	98,789,311	9.20

(e) BEH

Substantial shareholder

BEH, our substantial shareholder, was incorporated on 16 November 2016 in Malaysia under the Act as a private limited company under the name Felements App Sdn Bhd and assumed its present name on 25 January 2019. The principal activity of BEH is as an investment holding company solely to invest in our Group.

As at the LPD, the issued share capital of BEH is RM100,000 comprising of 100,000 ordinary shares. The director of BEH is Amir Mursyidi Bin Jusoh and the sole shareholder is SJR Holdings.

As at the LPD, BEH does not have any subsidiary or associated company.

(f) SJR Holdings

Substantial shareholder

SJR Holdings, our substantial shareholder, was incorporated on 23 May 2013 in Malaysia under the Companies Act, 1965 and deemed registered under the Act as a private limited company under its present name. The principal activity of SJR is investment holding and general trading.

As at the LPD, the issued share capital of SJR Holdings is RM2.00 million comprising 2,000,000 ordinary shares. Mohammad Suffian Bin Md Yusof is the sole director and sole shareholder of SJR Holdings where he acquired the entire equity interest of SJR Holdings in June 2020 from Masziana Binti Misludin.

As at the LPD, SJR Holdings has one wholly-owned subsidiary (namely BEH) and does not have any associated company.

(g) Mohammad Suffian Bin Md Yusof

Substantial shareholder

Mohammad Suffian Bin Md Yusof, a Malaysian male, aged 42, is our substantial shareholder.

He graduated from Nagaoka University of Technology, Japan with a Bachelor of Engineering (Mechanical Engineering) in August 2008.

Upon graduating, he started his career as Process Engineer at Tenaga Cables Industries Sdn Bhd, a company involved in the manufacturing and distribution of power and general cables and aluminium rods, where he was involved in the designing and implementation of new processes in the facilities of the company. He left the company in March 2011 to take a brief career break.

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

In July 2011, he founded Ibnuyusof Enterprise, a business involved in the franchising of food & beverages businesses. His responsibilities involved planning and implementing marketing and sales strategies for franchises as well as managing the overall operations of the business. This business subsequently ceased in August 2018. In April 2013, he founded Cinta Hati Umami Shoppe, a business involved in content creation for social media platforms where he oversaw all operations including but not limited to online marketing, web development, video editing, and animation. The business ceased and expired in August 2018.

In August 2017, he founded Richclick Solution, a business involved in providing advisory services in relation to online marketing strategies, particularly on social media platforms. In June 2020, he ventured into investing in small to medium enterprises with significant growth potential by taking over SJR Holdings.

As at the LPD, his investment involves companies in various industries such as construction, food & beverages and information technology, where none of his investments are in the same industry as our Group nor are customers and suppliers of our Group.

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

5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

The changes in our Promoters' and/or substantial shareholders' respective shareholdings in our Company since our incorporation are as follows:

	As at incorporation		⁽¹⁾ Before our IPO but after the Acquisition				⁽²⁾ After our IPO and the Share Transfer					
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders												
Yeo Hock Cheong	-	-	-	-	⁽³⁾ 561,000,200	34.01	412,499,800	⁽⁴⁾ 25.00	100,180,000	5.01	739,820,200	⁽⁴⁾⁽⁵⁾ 36.99
Kayavest	-	-	-	-	-	-	-	-	327,320,400	16.37	-	-
Promoter												
Salihudin	1,000	100.00	-	-	-	-	-	-	1,500,000	⁽⁶⁾ 0.075	-	-
Substantial shareholders												
Mikro MSC	-	-	-	-	412,499,800	25.00	-	-	412,499,800	20.62	-	-
BEH	-	-	-	-	329,999,800	20.00	-	-	229,999,800	11.50	-	-
SJR Holdings	-	-	-	-	-	-	329,999,800	⁽⁷⁾ 20.00	-	-	229,999,800	⁽⁷⁾ 11.50
Mohammad Suffian Bin Md Yusof	-	-	-	-	-	-	329,999,800	⁽⁸⁾ 20.00	-	-	229,999,800	⁽⁸⁾ 11.50

Notes:

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

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

5.1.4 Persons exercising control over the corporation

Save for our Promoters and/or substantial shareholders as set out in Section 5.1 of this Prospectus, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, our Promoters and/or substantial shareholders have the same voting rights as our other shareholders and there is no arrangement between our Company and our shareholders with any third party, the operation of which may, at a subsequent date, result in the change in control of our Company.

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

Save for the issuance of our Shares pursuant to the Acquisition as disclosed in Section 6.2.2(a) of this Prospectus and aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Section 5.2.4 of this Prospectus, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.

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

5.2 DIRECTORS

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO together with the Share Transfer assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation	⁽¹⁾ Before our IPO but after the Acquisition				⁽²⁾ After our IPO and the Share Transfer			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Dr Azmil Khalili Bin Dato' Khalid	Independent Non-Executive Chairman	-	-	-	-	⁽³⁾ 500,000	0.025	-	-
Yeo Hock Cheong	Executive Director/CEO	561,000,200	34.01	412,499,800	⁽⁴⁾ 25.00	100,180,000	5.01	739,820,200	⁽⁴⁾ ⁽⁵⁾ 36.99
Salihudin	Executive Director/Finance Director	-	-	-	-	⁽³⁾ 1,500,000	0.075	-	-
Dr Wang Hong	Non-Independent Non-Executive Director	-	-	-	-	-	-	-	-
Tan Suat Hoon	Independent Non-Executive Director	-	-	-	-	⁽³⁾ 500,000	0.025	-	-
Ahmad Lutfi B.Abdull Mutalip @ Talib	Independent Non-Executive Director	-	-	-	-	⁽³⁾ 500,000	0.025	-	-
Rozainah Binti Baharuddin	Independent Non-Executive Director	-	-	-	-	⁽³⁾ 500,000	0.025	-	-

Notes:

- (1) Based on the issued share capital of 1,650,000,000 Shares before our IPO but after the Acquisition.
- (2) Based on the enlarged issued share capital of 2,000,000,000 Shares after our IPO and the Share Transfer.
- (3) Assuming that all our Issue Shares allocated to our Directors under the Pink Form Allocations are fully subscribed.
- (4) Deemed interested by virtue of his direct shareholding in Mikro MSC pursuant to Section 8(4) of the Act.
- (5) Deemed interested by virtue of his direct shareholding in Kayavest pursuant to Section 8(4) of the Act.

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

5.2.2 Profiles of Directors

Save for Yeo Hock Cheong (our Executive Director/CEO) and Salihudin (our Executive Director/ Finance Director) whose profiles have been set out in Section 5.1.2 of this Prospectus, the profiles of our Directors are as follows:

(a) Tan Sri Dr Azmil Khalili Bin Dato' Khalid

Tan Sri Dr Azmil Khalili Bin Dato' Khalid, a Malaysian male, aged 64, is our Independent Non-Executive Chairman. He was appointed to our Board on 1 February 2024.

He obtained his Bachelor of Science in Civil Engineering from University of Hertfordshire, UK and Northrop University, USA in 1984 and his Master of Business Administration ("MBA") from California State University, USA in 1986. He was conferred his Doctorate of Science (Honorary) by the University of Hertfordshire, UK in November 2013.

He began his career in Tarmac National Construction PLC, a company involved in the provision of construction and engineering services, as a site engineer for a year from July 1981 to September 1982 during his placement year, where he was involved in the construction of the longest cut-and-cover tunnel in the UK. Upon graduating with his bachelor's degree, he worked as an academic advisor in California State University concurrently while he undertook his studies for his MBA from September 1984 to March 1986.

Upon returning to Malaysia after completing his MBA, he worked as a Corporate Planner for Komplek Kewangan Malaysia Berhad (presently known as Amanah Capital Malaysia Berhad), a financial institution, in June 1986 where he was seconded to its subsidiary company, Trust International Insurance and Reinsurance Company, where he was involved in the restructuring and corporate strategy planning of the company. He left to join Citibank N.A (presently known as Citibank Malaysia Berhad) ("**Citibank**"), a financial institution, in September 1987 as a Management Trainee and left as Vice President in August 1993. During his tenure with Citibank, he handled and managed the overall sales and credit responsibilities in Malaysia, where he also double hatted as the Country Credit Head of Citibank.

In September 1993, he jointed MTD Capital Bhd ("**MTD Capital**"), an infrastructure conglomerate principally involved in construction, real estate & property development and manufacturing, as Director/General Manager of Corporate Planning where he spearheaded the listing exercise of MTD Capital on the Main Board of the Kuala Lumpur Stock Exchange (presently known as Main Market of Bursa Securities) and was responsible for the privatisation of the Kuala Lumpur-Karak Highway. In January 1995, he was seconded to WCT Engineering Berhad ("**WCT**"), an engineering, construction and real estate development firm, to assume the position of Executive Chairman where he played an instrumental role in the listing of WCT on the Main Board of the Kuala Lumpur Stock Exchange.

Upon the successful listing of WCT, he returned to MTD Capital in March 1996 to take on the role of Group Managing Director and Chief Executive Officer where he oversaw the operations of MTD Capital before assuming the position of Group President and Chief Executive Officer of MTD and its subsidiaries (collectively, "**MTD Group**") from April 2005 to April 2011, where his portfolio expanded to oversee the overall operations of MTD Group. During his tenure as Group President, he also acted as the President and Chief Executive Officer of MTD ACPI Engineering Berhad (a subsidiary of MTD Capital listed on Bursa Securities) and Chairman of MTD Walkers PLC (a foreign subsidiary of MTD Capital listed on the Colombo Stock Exchange of the Republic of Sri Lanka).

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

In April 2011, he took on the role as Group President & Chief Executive Officer for The AlloyMtd Group (a multinational infrastructure conglomerate principally involved in construction, real estate & property development and manufacturing) and ANIH Berhad (a toll concession company), where he was responsible for directing the overall corporate strategy of the aforementioned companies.

He resigned as Group President & Chief Executive Officer from The AlloyMtd Group and ANIH Berhad in August 2017 to set up AFK Group Sdn Bhd and related companies (collectively, "**AFK Group**"), consisting of companies principally involved in the management of family office and investment holding in shares of companies in the financial sector, real estate and private equity investment. He presently remains as the Group President and Chief Executive Officer of AFK Group.

In April 2022, he and his wife co-founded Yayasan Al Baqiyat Al Salihat Asmah Azimah, a non-profit organisation providing relief, aid and assistance to communities in need in Malaysia.

He is presently the Independent Non-Executive Chairman of the Board of UEM Edgenta Berhad, Non-Independent Non-Executive Director of Reach Energy Berhad and Independent Non-Executive Director of Sapura Industrial Berhad. He is also the Chairman/ Executive Director of the Board of Cenviro Sdn Bhd, a subsidiary of Khazanah Nasional Berhad principally involved in the operation of integrated waste management centre, recycling and recovery.

Presently, he also holds directorship in several private limited companies. Please refer to Section 5.2.3(a) of this Prospectus for further details.

(b) Dr Wang Hong

Dr Wang Hong, a Singaporean male, aged 58, is our Non-Independent Non-Executive Director. He was appointed to our Board on 1 February 2024.

He obtained his Bachelor of Engineering (Semiconductor Physics and Devices) from Zhejiang University, China in 1988, Master of Engineering and Doctor of Philosophy from Nanyang Technological University (NTU), Singapore in 1998 and 2001 respectively.

He commenced his career as a graduate engineer in Institute of Semiconductors of the Chinese Academy of Sciences, China, a research institution, in September 1988 where he was involved in the development of indium phosphide (InP) based opto-electronic integrated circuits. In October 1994, He received the Royal Research Fellowship from United Kingdom where he worked with the British Telecom Laboratories, a research and development institution, on the development of InP-based heterostructure field-effect transistors for a year.

In December 1996, he relocated to Singapore where he took on the role as a research staff in the School of Electrical and Electronic Engineering of NTU where he was undertaking research and development (R&D) works in the field of micro and nano electronics and photonics. He was subsequently promoted to Assistant Professor in September 2001 where in addition to his existing R&D works, he led the establishment and operations of the cleanroom facility in NTU. In March 2008, he was promoted to Associate Professor, a role he presently assumes, where he conducts lectures and tutorials for undergraduate and postgraduate students of the NTU School of Electrical and Electronic Engineering.

Presently, he is an Independent Non-Executive Director in Mikro MSC. Please refer to Section 5.2.3(d) of this Prospectus for further details.

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

(c) Tan Suat Hoon

Tan Suat Hoon, a Malaysian female, aged 55, is our Independent Non-Executive Director. She was appointed to our Board on 1 February 2024. She is also the Chairman of our Audit and Risk Management Committee and a member of our Nomination Committee and Remuneration Committee.

She obtained her Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College, Kuala Lumpur in 1992. She was admitted as an Associate of the Chartered Institute of Management Accountants, United Kingdom (“**CIMA**”) and the Association of Chartered Certified Accountants, United Kingdom (“**ACCA**”) in 1996 and as Fellow in 2001 for both CIMA and ACCA. She has also been admitted as a Chartered Accountant with Malaysian Institute of Accountants (“**MIA**”) since 1996. She is presently a member of CIMA and MIA.

She began her career as an Audit Assistant with KPMG Peat Marwick (now known as KPMG PLT) (“**KPMG**”) in 1992 and left as an Audit Senior in 1996 where she was involved in audit assignments of private and public listed companies in various industries.

She joined Malaysian International Merchant Bankers Berhad (which was taken over by Eon Bank Berhad and subsequently by Hong Leong Bank Berhad), a financial institution, in 1996 as an Executive in Corporate Finance and left in 2002 as a Manager. She then joined AmInvestment Bank, a financial institution, as a Manager, Corporate Finance in 2002 and left in 2017 as Senior Vice President, Corporate Finance. In 2017, she joined Pen Petroleum Sdn Bhd which is involved in petroleum retailing as Group Senior Finance Manager and left in 2018. She was responsible for the supervision of the finance department in Pen Petroleum Sdn Bhd. She joined Kenanga Investment Bank Berhad, a financial institution, as Senior Vice President, Corporate Finance in 2018 and left in 2021. She has accumulated more than 20 years of experience in corporate finance, advisory and debt capital market in the investment banking industry and was involved in initial public offerings, capital and fund-raising exercises, corporate restructuring, mergers and acquisitions, privatisation and take-overs.

Subsequently, she joined Texchem Corporation Sdn Bhd, a subsidiary of Texchem Resources Bhd (“**TRB**”), in June 2021 as Group Chief Financial Officer and was responsible for finance and treasury matters for TRB’s group of companies which are involved in the industrial, polymer engineering, food and restaurant segments. She was transferred to TRB as the Special Officer-Regulatory, Presidential Office in July 2022 and left in September 2022. She was responsible for ensuring compliance of TRB with the relevant regulatory requirements and to manage ad-hoc projects assigned by the Presidential Office.

Currently, she serves as the Chief Financial Officer of Northeast Group Berhad and its group of companies (collectively, “**Northeast Group**”), which are involved in the manufacturing of precision engineering components used in the photonics, electrical and electronic, semiconductor, telecommunication and optoelectronics industries. She joined Northeast Precision Sdn Bhd, a subsidiary of Northeast Group since September 2022 and is responsible for the accounting, financial and corporate matters of Northeast Group.

She was appointed as the Independent Non-Executive Director of Central Global Berhad, PGF Capital Berhad, Smart Asia Chemical Berhad and CBH Engineering Holding Berhad since 3 January 2023, 31 May 2023, 17 April 2023 and 24 June 2024 respectively. Please refer to Section 5.2.3(e) of this Prospectus for further details.

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

(d) Ahmad Lutfi B.Abdull Mutalip @ Talib

Ahmad Lutfi B.Abdull Mutalip @ Talib, a Malaysian male, aged 53, is our Independent Non-Executive Director. He was appointed to our Board on 1 February 2024. He is also the Chairman of our Nomination Committee and a member of our Audit and Risk Management Committee and Remuneration Committee.

He graduated with a Bachelor of Laws with Honours from International Islamic University Malaysia in August 1995. He was admitted as an advocate and solicitor of the High Court of Malaya in 1996 and obtained his professional qualification as a Chartered Secretary and Administrator from the Institute of Chartered Secretaries and Administrators, United Kingdom (External) in the same year.

He started his career as Legal Assistant with Hisham Sobri & Kadir, a law firm, in May 1996 and was subsequently promoted to a Partner in January 2000, where he was principally involved in the general corporate and commercial practice area.

He left Hisham Sobri & Kadir in August 2000 to set up the law firm Azmi & Associates, a law firm, where he was one of the Founding Partners of the law firm. He is presently the Managing Partner and Head of Global Financial Services and Islamic Banking of Azmi & Associates, where he oversees the aforementioned practice areas as well as is responsible for the overall management of the firm.

He has also been appointed as an Independent Non-Executive Director for Malaysian Industrial Development Finance Berhad since February 2016 until to date, where he chairs the Board Risk Management Committee and a member of Board Audit & Compliance Committee and Board Technology Committee. He is concurrently a member of the Shariah Committee since January 2018, where he provides advice on Shariah compliance in relation to matters relating to policies, governance and operations.

He also served as an Independent Non-Executive Director for Bank Simpanan Nasional, a state-owned bank, for a tenure of 4 years from August 2019 to August 2023. In addition to carrying out duties of an independent non-executive director where he chaired the Board Nomination and Remuneration Committee and a member of Board Risk Management Committee, Board Audit & Compliance Committee and Board Tender Committee, he was concurrently a member of the Shariah Committee since April 2020, where he provides advice on Shariah compliance in relation to matters relating to policies, governance and operations, and he currently holds this position.

Presently, he also holds directorship in several public and private limited companies. Please refer to Section 5.2.3(f) of this Prospectus for further details.

(e) Rozainah Binti Baharuddin

Rozainah Binti Baharuddin, a Malaysian female, aged 50, is our Independent Non-Executive Director. She was appointed to our Board on 1 February 2024. She is also the Chairman of our Remuneration Committee and a member of our Audit and Risk Management Committee and Nomination Committee.

She graduated from the University of Exeter, United Kingdom with a Bachelor of Arts in Social Studies with Honours in Business Economics in July 1996. She was subsequently certified as a member of The Malaysian Association of Certified Public Accountants (now known as The Malaysian Institute of Certified Public Accountants) in December 2000. She is also a member of the MIA since April 2001.

She began her career in January 1997 as Audit Assistant in KPMG Peat Marwick Malaysia (presently known as KPMG) and left as Audit Semi-Senior in May 2000.

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

During her tenure with KPMG, she was responsible for providing support in audit field works for the statutory audits and internal control reviews of numerous clients' as well as assisting in the preparation of consolidated group financial statements. She subsequently joined Aseambankers (presently known as Maybank Investment Bank Berhad), a financial institution, in June 2000 as a Senior Officer in the Corporate Finance Department where she was involved in the preparation of financial models and submission documents for corporate proposals to be submitted to regulatory bodies.

She left Aseambankers in April 2002 to join Commerce International Merchant Bankers Berhad (presently known as CIMB Investment Bank Berhad) ("**CIMB**"), a financial institution, in May 2002 as Executive in the Corporate Finance Department and was progressively promoted to Manager. In May 2005, she transferred internally to the Group Finance Division, where she was involved in numerous finance-related projects and assignments. She was subsequently promoted to Senior Manager in January 2006 and transferred internally to the International Banking And Transaction Services ("**IBTS**") Department of the Investment Banking division in August 2007.

Her role in the IBTS Department included, among others, supporting various business initiatives undertaken and challenges faced by the business units within IBTS. She was promoted to Associate Director and subsequently transferred internally to the Group Human Resource Department Division in August 2008, where she was involved in a number of human resource assignments involving succession planning, employee branding, post-acquisition integration exercise, etc. She subsequently joined the Group CEO's office in December 2009 where she reported directly to the CEO of CIMB Investment Bank Berhad. During her tenure, she worked alongside the unit heads of the Investment Banking Division on a number of business enhancement initiatives and was the lead-coordinator for group-wide projects. She left CIMB as a Director in November 2013.

She joined Khazanah Nasional Berhad, the sovereign wealth fund of Malaysia, as a Senior Vice President in November 2013 where she was tasked with establishing and setting up of Khazanah Research Institute ("**KRI**"), a non-profit research organisation sponsored by Khazanah Nasional Berhad. Upon the readiness of KRI to commence operations, her employment was transferred to KRI, where she took on the role of COO in February 2014 and was promoted to Director and COO in June 2016. Her role included overseeing the operations of the company as well as managing the overall development and expansion of the company.

She resigned from KRI in May 2019 to take a career break. During her career break, she joined Kausar Wealth Management Sdn Bhd, a company involved in the provision of estate planning consultancy services for Muslims, in August 2019 as an Inheritance Planning Consultant for Muslims on a part time basis and she is still presently involved in this role. In April 2021, she joined Wellfarer Group Sdn Bhd, a company involved in the provision of family office and wealth management services as Director where she is involved in the overall management of the company.

Presently, she also holds directorship in a private limited company. Please refer to Section 5.2.3(g) of this Prospectus for further details.

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

5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group within the past five (5) years up to the LPD:

(a) Tan Sri Dr Azmil Khalili Bin Dato' Khalid

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
UEM Edgenta Berhad (Listed on Main Market)	Investment holding with subsidiaries principally involved in facilities management services, engineering and construction works, digital technology, energy performance management services, property development, etc	Independent Non-Executive Chairman	24 May 2019	-	-	-
Sapura Industrial Berhad (Listed on Main Market)	Investment holding with subsidiaries involved in automotive component manufacturing, research, design and development, trading of autoparts and manufacturing and assembly of aerospace tooling and fixtures	Deputy Chairman / Senior Independent Non-Executive Director	20 March 2023	-	-	-
Reach Energy Berhad (Listed on Main Market)	Investment holding with subsidiaries principally engaged in the exploration, development and sale of crude oil and other petroleum products	Non-Independent Non-Executive Director / Indirect Shareholder	23 January 2017	-	2.66	1.91 ⁽¹⁾

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Yayasan Albaqiyat Alsalihat Asmah Azimah	Foundation advancing health, education, religion, community development, poverty relief, public welfare, and other purposes beneficial to the public at large	Director	4 April 2022	-	-	-
AFA Infrastructure and Development Sdn Bhd	Holding company for AFA Project and Management Services Sdn Bhd	Director/ Shareholder	6 July 2023	-	100.00	-
AFA Project and Management Services Sdn Bhd	Provision of project and management services	Director/ Indirect Shareholder	14 November 2023	-	-	100.00 ⁽²⁾
Reach Energy Ventures Sdn Bhd	Investment holding with shares in companies in the oil & gas industry	Director	11 February 2020	-	-	-
Shan Poornam Sdn Bhd	Provision of management services for Cenviro Sdn Bhd	Director	5 July 2019	-	-	-
Cenviro Sdn Bhd	Investment holding with subsidiary principally involved in the operation of integrated waste management centre, recycling and recovery	Director	1 October 2018	-	-	-
AF Gourmet (KSA) Sdn Bhd	Restaurants	Director	18 August 2010	-	-	* ⁽³⁾
AF Gourmet Sdn Bhd	Restaurants	Director/ Shareholder	18 August 2010	-	50.00	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
ANIH Berhad	Toll concession	Director/ Shareholder	4 August 2023	-	49.00	-
AFK Group International Sdn Bhd	Family office in the business of private equity investments, asset management and real estate investments	Director/ Shareholder	18 August 2010	-	90.00	-
AFK Group Sdn Bhd	Family office in the business of private equity investments, asset management and real estate investments	Director/ Shareholder	18 August 2010	-	50.00	-
AFK Capital Sdn Bhd	Family office in the business of private equity investments, asset management and real estate investments	Director/ Shareholder	18 August 2011	-	33.33	-
Juniper Capital Sdn Bhd	Family office	Director/ Shareholder	24 February 2011	-	99.00	-
Kembara Bakat Sdn Bhd	Family office	Director	20 October 2011	-	-	-
Ableace Raakin Sdn Bhd	Sale of Islamic finance products and trading of commodities such as palm oil, rubber, soy beans and cocoa	Director	1 August 2019	-	-	-
Azimah Holdings Sdn Bhd	Property investment holding company	Director/ Shareholder	1 June 1989	-	25.00	14.00 ⁽⁴⁾

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Azimah Properties Sdn Bhd	Property investment holding company	Director/ Shareholder	30 September 1992	-	2.00	-
Rentas Cita Sdn Bhd	Dormant	Director/ Shareholder	8 October 1996	-	0.01	-
Deep Quest Sdn Bhd	Dormant	Director/ Shareholder	15 December 1993	-	50.00	-
Primo Virtue Sdn Bhd	Provision of interior design and renovation contracting services	Shareholder	-	-	60.00	-
<u>Past involvement</u>						
UEM Sunrise Berhad (Listed on Main Market)	Investment holding with subsidiaries principally involved in property development, land trading, property investment, project procurement and management, hotel operations	Independent Non-Executive Director	13 December 2017	21 June 2021	-	-
Waver Offshore Sdn Bhd	Provision of services, equipment and consultancy in the oil and gas industry	Director	8 May 2019	26 November 2020	-	-
Rentas Utama Sdn Bhd (Struck off on 10 November 2023)	Dissolved	Director/ Shareholder	20 May 1999	-	99.00	-
Mega Legacy (M) Sdn Bhd	Property development	Director	26 June 2019	21 June 2021	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Alloy Toll Management Sdn Bhd	Management and operation of highway toll	Director	8 November 2011	31 December 2021	-	-
Alloy Maintenance Engineering Sdn Bhd	Provision of maintenance services for highway	Director	8 November 2011	31 December 2021	-	-

Notes:

* Negligible

- (1) Deemed interested by virtue of his spouse's shareholdings in Reach Energy Berhad pursuant to Section 59 of the Act.
- (2) Deemed interested by virtue of his shareholdings in AFA Infrastructure and Development Sdn Bhd pursuant to Section 8(4) of the Act.
- (3) Deemed interested by virtue of his shareholdings in AF Gourmet Sdn Bhd pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his spouse's shareholdings in Reach Energy Berhad pursuant to Section 59 of the Act.

(b) Yeo Hock Cheong

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
GPI Management Sdn Bhd	Business management consultancy services	Director / Shareholder	8 June 2017	-	95.00	-
Eagle I Holdings Sdn Bhd	Engaged in the activity of providing transportation and weighing activities	Director / Shareholder	8 October 2012	-	100.00	-

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

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>% of shareholdings held</u>	
					<u>Direct</u>	<u>Indirect</u>
Global Provestment Sdn Bhd	Planting and trading of agriculture products	Director / Shareholder	24 May 2012	-	65.00	-
Golden World Metal Sdn Bhd	Sales and distributions of scrap metal and related recycle products and export and import of aluminium, metal and non-metal waste and scrap	Director / Shareholder	29 July 2010	-	95.00	-
Kayavest	Investment holding company in shares of the Company	Director / Shareholder	11 May 2023	-	100.00	-
Mikro MSC (Listed on ACE Market)	Research, development, design and manufacture analogue, digital and computer controlled electronic systems or devices for use in electrical, electronic and other industries such as power distribution industries and provision of technical and maintenance services	Shareholder	-	-	30.57	-
Rhinoceros Holdings Sdn Bhd (Formerly known as Elridge Energy Group Sdn Bhd) ⁽¹⁾	Dormant	Director / Shareholder	30 November 2023	-	100.00	-
<u>Past involvement</u>						
O&G 8electricals (M) Sdn Bhd	Trading and wholesale of car accessories, agriculture products, electrical and electronic goods	Director	5 January 2015	13 September 2019	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Rhinoceros Tyre Sdn Bhd (Struck off on 24 March 2023)	Trading in all types of tyres and semi tyres for all types of vehicles;	Director	29 January 2015	22 October 2020	-	-
BEH	Investment holding company in shares of the Company	Director	16 November 2016	13 May 2020	-	-
I Citenex Sdn Bhd (Struck off on 24 March 2023)	Trading of electrical appliances and other similar products	Director	1 December 2016	29 December 2021	-	-
BTH Power Sdn Bhd (Struck off on 6 October 2022)	Dormant with no future plans, initially intended for the setting up of boiler plant	Director/ Shareholder	23 December 2019	-	100.00	-

Note:

(1) *The company was incorporated with the intention of being the listing vehicle of BESB for the IPO prior to the incorporation of EEHB. The company is currently dormant and is in the process of being struck off.*

(c) Salihudin

As at the LPD, Salihudin does not have any principal directorships and principal business activities performed outside of our Group.

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

(d) Dr Wang Hong

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>% of shareholdings held</u>	
					<u>Direct</u>	<u>Indirect</u>
<u>Present involvement</u>						
Mikro MSC (Listed on ACE Market)	Research, development, design and manufacture analogue, digital and computer controlled electronic systems or devices for use in electrical, electronic and other industries such as power distribution industries and provision of technical and maintenance services	Independent Non-Executive Director	29 May 2023	-	-	-
<u>Past involvement</u>						
Nil						

(e) Tan Suat Hoon

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>% of shareholdings held</u>	
					<u>Direct</u>	<u>Indirect</u>
<u>Present involvement</u>						
Central Global Berhad (Listed on Main Market)	Investment holding company with its subsidiaries principally involved in the manufacturing and trading of crepe paper masking and construction	Independent Non-Executive Director	3 January 2023	-	-	-
PGF Capital Berhad (Listed on ACE Market)	Investment holding company with subsidiaries principally involved in manufacturing, property development and agriculture	Independent Non-Executive Director	31 May 2023	-	-	-

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

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>% of shareholdings held</u>	
					<u>Direct</u>	<u>Indirect</u>
Smart Asia Chemical Berhad (Listed on ACE Market)	Investment holding company with subsidiaries principally involved in the development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications	Independent Non-Executive Director	17 April 2023	-	-	-
CBH Engineering Holding Berhad	Investment holding company with subsidiaries principally involved in provision of electrical engineering service provider, specialising in electricity supply distribution systems and undertaking mechanical engineering works for building systems	Independent Non-Executive Director	24 June 2024	-	-	-

Past involvement

Nil

(f) Ahmad Lutfi B.Abdull Mutalip @ Talib

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>% of shareholdings held</u>	
					<u>Direct</u>	<u>Indirect</u>
<u>Present involvement</u>						
AAA Consulting Sdn Bhd	Investment holding company for shares of a company providing corporate secretarial services	Director/ Shareholder	15 November 2006	-	25.00	-
Impact Analytix Sdn Bhd	Provision of advisory, consultancy and business contracting services in relation to IT and software solutions	Director/ Shareholder	24 November 2009	-	66.67	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Prudenz Corporatehouse Sdn Bhd	Provision of integrated management consulting services and corporate secretarial services	Director	21 September 2012	-	-	100.00 ⁽¹⁾
Malaysian Industrial Development Finance Bhd	Investment holding with subsidiaries principally involved in the provision of financing, leasing and industrial hire-purchase services to industries and businesses in Malaysia	Director	22 February 2016	-	-	-
EPL PSI SPV 1 PLT	Investment holding in ETHIS Global Sdn Bhd, a company principally involved in the provision of Shariah-compliant crowdfunding services	Partner	24 January 2020	-	-	-
<u>Past involvement</u>						
Amanah International Finance Sdn Bhd	Provision of real estate and short-term financing services	Director	1 March 2017	1 September 2019	-	-

Note:

(1) Deemed interested by virtue of his shareholdings in AAA Consulting Sdn Bhd pursuant to Section 8(4) of the Act.

(g) Rozainah Binti Baharuddin

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Wellfarer Group Sdn Bhd	Provision of family office and wealth management services	Director	31 March 2021	-	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Past involvement						
Baz Sdn Bhd (Dissolved on 11 October 2019)	Dormant	Director / Shareholder	23 February 2001	20 January 2014	16.00	-

As at the LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as our Directors do not hold more than five (5) directorships in public listed companies on Bursa Securities.

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

Further, the involvement of our Executive Directors in other businesses or corporations does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which they serve. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management. Our Executive Directors are of the view that although they are involved in other businesses as set out above, they are able to devote sufficient time and attention to the affairs of our Group to carry out their respective duties. The involvement of our Independent Non-Executive Directors in other directorships or business activities outside our Group are not expected to affect their contribution to our Group as they are not 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)

5.2.4 Directors remuneration and benefits

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to our Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.1 for further details.

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

	Directors' fees	Salaries	⁽¹⁾ Bonuses	Other emolument	Benefits-in- kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FYE 2023 (Paid)						
Tan Sri Dr Azmil Khalili Bin Dato' Khalid	-	-	-	-	-	-
Yeo Hock Cheong	-	690	225	113	-	1,028
Salihudin	-	100	-	12	-	112
Dr Wang Hong	-	-	-	-	-	-
Tan Suat Hoon	-	-	-	-	-	-
Ahmad Lutfi B.Abdull Mutalip @ Talib	-	-	-	-	-	-
Rozainah Binti Baharuddin	-	-	-	-	-	-
FYE 2024 (Proposed)						
Tan Sri Dr Azmil Khalili Bin Dato' Khalid	52	-	-	10	-	62
Yeo Hock Cheong	-	720	-	88	-	808
Salihudin	-	240	-	30	-	270
Dr Wang Hong	40	-	-	8	-	48
Tan Suat Hoon	40	-	-	16	-	56
Ahmad Lutfi B.Abdull Mutalip @ Talib	40	-	-	16	-	56
Rozainah Binti Baharuddin	40	-	-	16	-	56

Note:

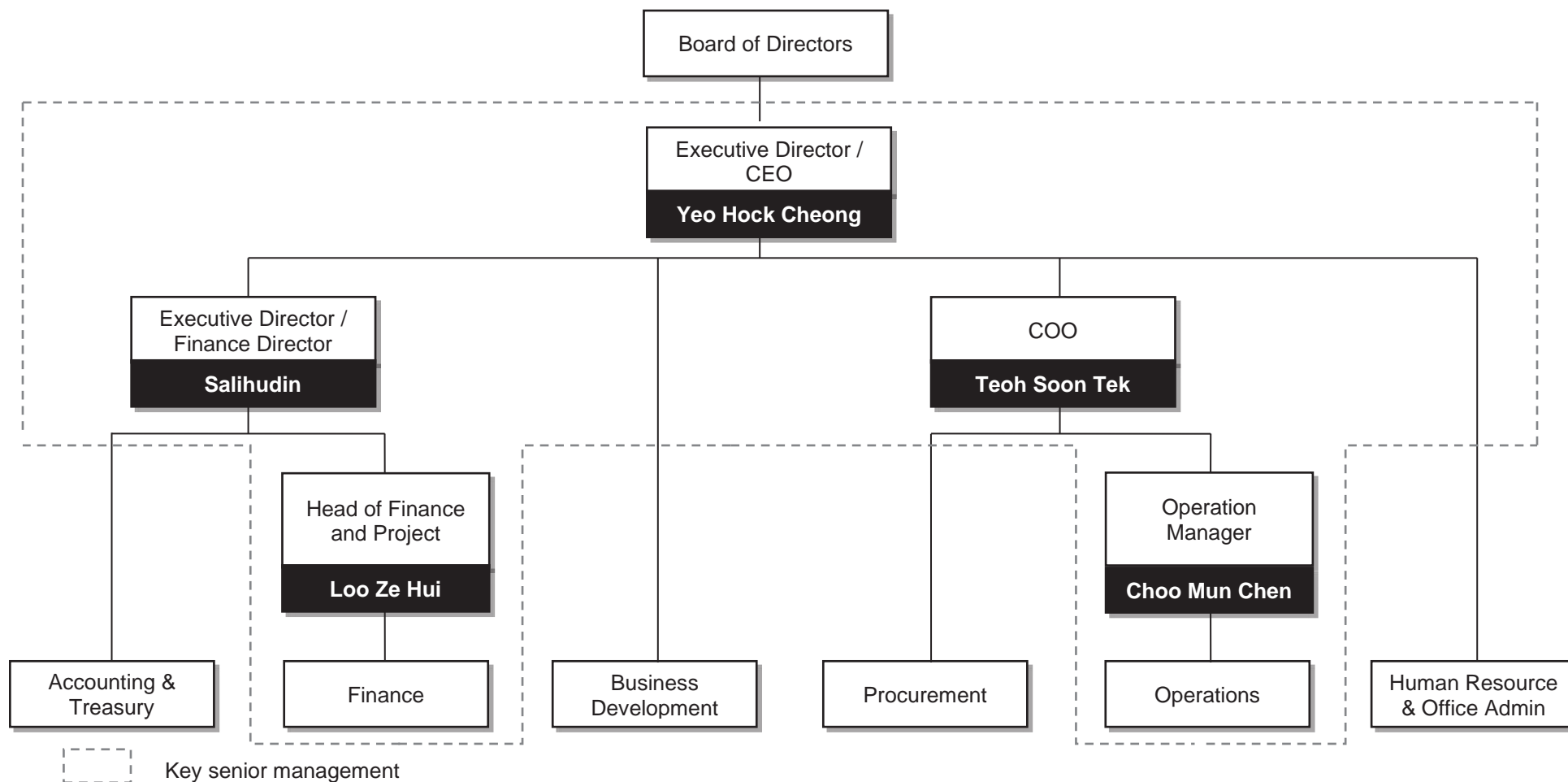
(1) The bonuses for FYE 2024 are not included. Such bonuses, if any, will be determined at a later date based on the individual's performance and our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

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

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

The management reporting structure of our Group is as follows:



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

5.3.2 Key senior management shareholdings

The shareholdings of our key senior management in our Company before and after our IPO together with the Share Transfer, save for our Executive Directors, which are disclosed in Section 5.2.1 of this Prospectus, assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation	⁽¹⁾ Before our IPO but after the Acquisition				⁽²⁾ After our IPO and the Share Transfer			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Teoh Soon Tek	COO	-	-	-	-	⁽³⁾ 800,000	0.040	-	-
Loo Ze Hui	Head of Finance and Project	-	-	-	-	⁽³⁾ 500,000	0.025	-	-
Choo Mun Chen	Operation Manager	-	-	-	-	⁽³⁾ 500,000	0.025	-	-

Notes:

- (1) Based on the issued share capital of 1,650,000,000 Shares before our IPO but after the Acquisition.
- (2) Based on the enlarged issued share capital of 2,000,000,000 Shares after our IPO and the Share Transfer.
- (3) Assuming that that all our Issue Shares allocated to our key senior management under the Pink Form Allocations are fully subscribed.

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

5.3.3 Profiles of our key senior management

Save for our Executive Directors whose profiles have been set out in Section 5.1.2 of this Prospectus, the profiles of the other key senior management of our Group are as follows:

(a) Teoh Soon Tek

Teoh Soon Tek, a Malaysian male, aged 43, is our COO. He is responsible for overseeing the day-to-day operational activities of our Group which includes the manufacturing, warehousing and domestic and international logistics activities of our Group.

In 1999, he completed his secondary education in Chung Ling High School in George Town, Penang.

Upon graduating, he worked in Wanjun Engineering Sdn Bhd, a company involved in engineering and provision of machining solutions, as a technical assistant where he assisted in technical jobs. He left Wanjun Engineering Sdn Bhd in September 2002 as Production Supervisor to join Rapid Synergy Sdn Bhd, a company involved in fabrication of precision tools, as a Program Engineer where he was responsible for the programming of precision tools for the production of mould productions. He resigned in March 2003 to take a career break.

In October 2003, he joined Eng Lian Hup Trading Sdn Bhd, a company involved in the distribution and wholesale of construction materials, as a salesman where he was tasked with stocktaking for the construction materials of the company. He was subsequently promoted to Sales Executive in January 2004 where he was in-charge of the sales and marketing of the company's products. He left Eng Lian Hup Trading Sdn Bhd in September 2006 to join Jin Yeng Trading, a business involved in the selling and distribution of scrap metal and related recycled products, as well as the trading of praying materials, as Assistant Manager where he assisted in the management of the operations and logistics of the company.

In December 2006, he started a sole proprietor known as United Metal Trading, which is a business involved in the trading of metal and hardware. He ceased the business in December 2007. In March 2010, he founded Enviro-Action Sdn Bhd, a company intended to undertake the trading of recycled products. The company remained dormant and was struck off in August 2014.

In March 2010, he co-founded Magna Bioenergy Sdn Bhd with Datin Cheah Lay Fong, a company intended to undertake the manufacturing and trading of biofuel and biomass products. The company remained dormant was subsequently struck off in June 2018

In July 2010, he joined Golden World Metal Sdn Bhd, a company involved in the sales and distributions of scrap metal and related recycle products and export and import of aluminium, metal and non-metal waste and scrap, as the Director cum Head of Operations, where he was responsible for the overall operations and logistics of the company. He left Golden World Sdn Bhd in March 2018 but remained as a non-executive director and shareholder, where the company has its own independent and standalone management team to undertake its day-to-day management and operations.

He joined BESB as a director and Head of Operations in March 2018, and was subsequently re-designated to COO in November 2023.

Presently, he also holds directorship in several private limited companies. Please refer to Section 5.3.4(a) of this Prospectus for further details.

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

(b) Loo Ze Hui

Loo Ze Hui, a Malaysian male, aged 32, is our Head of Finance and Project. He is responsible for the preparation of financial projections and financial evaluation for potential businesses and projects to be undertaken by our Group which was previously the responsibility of our Account Manager, Yeoh Soo Nee, prior to his onboarding in September 2020. Yeoh Soo Nee remains as our Account Manager, who is responsible for accounting matters and financial reporting of our Group.

He graduated with a Bachelor of Science in Actuarial Science from Cass Business School, City, University of London (currently known as Bayes Business School) in June 2014.

He started his career as Graduate Trainee in Public Bank Berhad, a financial institution, in June 2015 where his role included assisting in credit and financial statements analysis, preparing credit papers and enhancing of credit risk rating mechanism. He left Public Bank Berhad in March 2018 as Senior Executive to join HSBC Amanah Bank Malaysia Bhd, a financial institution, as Assistant Business Manager, where he was responsible for managing the business relationship and provision of financial solutions for a portfolio of more than 40 corporate clients.

In September 2020, he joined BESB as Head of Finance and Project, a position that he presently holds.

(c) Choo Mun Chen

Choo Mun Chen, a Malaysian male, aged 34, is our Operation Manager. He is responsible for managing the manufacturing and warehousing operations of our Group.

He completed his Diploma in Technology majoring in Quantity Surveying from Tunku Abdul Rahman College in February 2013.

He started his career as Executive Assistant in Consumer Probe (M) Sdn Bhd, a market research firm, in May 2013 where his role involves assisting in the preparation of market research briefs and commissioning of research works. He left in May 2015 to join Public Bank Berhad, a financial institution, as Financial Executive, where he assisted in the sale and marketing of financial products as well as the management of customer relationship.

He subsequently left Public Bank Berhad in September 2017 to join New Edge Safety Door (HQ) Sdn Bhd, a metal door and doorframe manufacturer, in October 2017 as Sales Manager. His role as Sales Manager includes planning and implementing sale strategies as well as monitoring the overall sales of the company.

In August 2019, he left to join BESB as Operation Manager, a position that he presently holds.

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

5.3.4 Principal business performed outside our Group

Save as disclosed below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group within the past five (5) years up to the LPD:

(a) Teoh Soon Tek

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
GPI Management Sdn Bhd	Business management consultancy services	Director/ Shareholder	8 June 2017	-	5.00	-
Golden World Metal Sdn Bhd	Sales and distributions of scrap metal and related recycle products and export and import of aluminium, metal and non-metal waste and scrap	Director/ Shareholder	29 July 2010	-	5.00	-
Global Provestment Sdn Bhd	Planting and trading of agriculture products	Director/ Shareholder	24 May 2012	-	5.00	-
<u>Past involvement</u>						
Eagle I Holdings Sdn Bhd	Engaged in the activity of providing transportation and weighing services	Director	8 October 2012	2 May 2023	-	-
O&G 8lectricals (M) Sdn Bhd	Trading and wholesale of car accessories, agriculture products, electrical and electronic goods	Director	5 January 2015	13 September 2019	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Rhinoceros Tyre Sdn Bhd (Struck off on 24 March 2023)	Trading in all types of tyres and semi tyres for all types of vehicles;	Director	29 January 2015	22 October 2020	-	-
BEH	Investment holding company in shares of the Company	Director	16 November 2016	26 June 2023	-	-
I Citenex Sdn Bhd (Struck off on 24 March 2023)	Trading of electrical appliances and other similar products	Director	1 December 2016	29 December 2021	-	-
E&D Tenaga Hijau Sdn Bhd (Struck off on 12 October 2022)	Dormant with no future plans, initially intended to do scrap metal recycling	Director/ Shareholder	30 October 2020	-	50.00	-

(b) Loo Ze Hui

As at the LPD, Loo Ze Hui does not have any principal directorships and principal business activities performed outside of our Group.

(c) Choo Mun Chen

As at the LPD, Choo Mun Chen does not have any principal directorships and principal business activities performed outside of our Group.

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

5.3.5 Key senior management remuneration and benefits

The remuneration of our Executive Director/CEO and Executive Director/Finance Director are set out in Section 5.2.4 of this Prospectus. The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid or proposed to be paid to our key senior management for services rendered in all capacities to our Group for FYE 2023 and FYE 2024 are as follows:

	⁽¹⁾ Remuneration band	
	⁽²⁾ FYE 2023 (Paid)	⁽²⁾ FYE 2024 (Proposed)
	RM'000	RM'000
Teoh Soon Tek	300-350	200-250
Loo Ze Hui	150-200	100-150
Choo Mun Chen	150-200	100-150

Notes:

- (1) *The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.*
- (2) *The bonuses for FYE 2024 are not included. Such bonuses, if any, will be determined at a later date based on the individual's and our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.*

5.4 BOARD PRACTICES

Our Board takes note of the recommendations under the MCCG released on 28 April 2021. As at the LPD, our Board has adopted all relevant recommendations of the MCCG in terms of the composition of our Board and the relevant committees, save for the following:

- (a) Practice Note 5.9 of the MCCG recommends that all the board of directors should comprise at least 30% women directors. As at the LPD, our Board comprises two (2) female Directors out of seven (7) Directors, which represents 28.57% of our Board, and thus, is a departure from the Practice Note 5.9 of the MCCG. Pursuant thereto, we shall use our best endeavour to identify and appoint suitable female Directors within two (2) years after Listing in order to meet such recommendation.

5.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) together with senior management, promote good corporate governance culture within our Group which reinforce ethical, prudent and professional behaviour;
- (b) to review, challenge and decide on management's proposals for our Group and monitor its implementation by the management;
- (c) to ensure that the strategic plan of our Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (d) to supervise and assess management performance to determine whether our Group's businesses are being properly managed;

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

- (e) to ensure there is a sound framework for internal controls and risk management;
- (f) to understand the principal risks of our Company's business and recognise that business decisions involve the taking of appropriate risks;
- (g) to set the risk appetite within which our Board expects the management to operate and ensure that there is an appropriate risk management framework to identify, evaluate, manage and monitor significant financial and non-financial risks;
- (h) to ensure that the senior management has the necessary skills and experience and there are measures in place to provide for the orderly succession of our Board and key senior management;
- (i) to ensure that our Company has in place procedures to enable effective communication with our stakeholders;
- (j) to ensure that all our Directors are able to understand financial statements and form a view on the information presented; and
- (k) to ensure the integrity of our Group's financial and non-financial reporting.

In accordance with our Constitution, an election of Directors shall take place each year at the AGM. At our first AGM, all our Directors shall retire from office, and at the AGM in every subsequent year, 1/3 of our 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 provided always that all our Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

The details of members of our Board and date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office as at the LPD are as follows:

Director	Designation	Date of appointment	Date of expiration of the current term of office at AGM	No. of years and months in office
Tan Sri Dr Azmil Khalili Bin Dato' Khalid	Independent Non-Executive Chairman	1 February 2024	Subject to retirement at the AGM in year 2025	5 months
Yeo Hock Cheong	Executive Director/CEO	1 February 2024	Subject to retirement at the AGM in year 2025	5 months
Salihudin	Executive Director/Finance Director	10 January 2024	Subject to retirement at the AGM in year 2025	6 months
Dr Wang Hong	Non-Independent Non-Executive Director	1 February 2024	Subject to retirement at the AGM in year 2025	5 months

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

Director	Designation	Date of appointment	Date of expiration of the current term of office at AGM	No. of years and months in office
Tan Suat Hoon	Independent Non-Executive Director	1 February 2024	Subject to retirement at the AGM in year 2025	5 months
Ahmad Lutfi B.Abdull Mutalip @ Talib	Independent Non-Executive Director	1 February 2024	Subject to retirement at the AGM in year 2025	5 months
Rozainah Binti Baharuddin	Independent Non-Executive Director	1 February 2024	Subject to retirement at the AGM in year 2025	5 months

5.4.2 Audit and Risk Management Committee

The main function of our Audit and Risk Management Committee is to assist our Board in examining our Group's matters pertaining to the financial reporting, risk management and internal control, internal and external audit processes, related party transaction and conflict of interests' situation. The Audit and Risk Management Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) to review in depth the quarterly results and year-end financial statements of our Group before submission to our Board, focusing particularly on:
 - (i) the going concern assumption;
 - (ii) any changes in or implementation of major accounting policies and practices;
 - (iii) significant matters highlighted including financial reporting issues, significant judgements made by the management, significant and unusual events or transactions, and how these matters are addressed; and
 - (iv) compliance with applicable accounting standards, regulatory and other legal requirements for financial reporting;
- (b) to consider any legal matters of our Group that may have a significant impact on our Group's financial statements;
- (c) to review the following matters with the external auditors:
 - (i) the audit plan, its nature and scope;
 - (ii) the audit report;
 - (iii) there being no conflict of interest situations that could affect the independence of the external auditors;
 - (iv) the external auditors' evaluation of system of internal control and significant suggestions for improvements and management's response thereto;

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

- (v) the external auditors' management letter and the management's response thereto;
- (vi) the problems and reservations arising from the interim and final external audits, and any matters the external auditors and/or internal auditors may wish to discuss (in the absence of the management, where necessary); and
- (vii) the assistance given by the employees of our Group to the external auditors;
- (d) to assess the suitability, objectivity and independence of the external auditors to safeguard the quality and reliability of the audited financial statements. If the assessment result is satisfactory, the Audit and Risk Management Committee will recommend the nomination of the suitable audit firm as external auditors of our Company;
- (e) to consider the appointment, removal, any letter of resignation or dismissal of the external auditors, including whether there is reason (supported by grounds) to believe that our Company's external auditors are not suitable for reappointment;
- (f) to review the following in respect of internal audit:
 - (i) the adequacy of the audit scope and coverage, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its functions;
 - (ii) the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action has been taken on the recommendations of the internal audit functions; and
 - (iii) the performance of the internal audit function;
- (g) to consider the appointment, termination, dismissal or resignation of the internal auditors and provide the resigning internal auditors an opportunity to submit his reason for resignation;
- (h) to review and assess the followings in respect of our Group's overall risk management and internal control:
 - (i) our Company's policies, processes and procedures for the oversight and management of risks;
 - (ii) the risk profile, risk appetite and levels of tolerance (including subsequent review and adjustment, where necessary) and the effective communication of the same throughout our Group;
 - (iii) the management's efforts to embed a risk management in all aspect of our Group's activities and promoting a risk awareness culture within our Group;
 - (iv) the adequacy and integrity of the internal control to manage the selected areas representing significant risks;
 - (v) the implementation of the management action plans in mitigating significant risks identified; and
 - (vi) the efficiency and effectiveness of the review mechanism and the accountability at an executive level for risk management and internal control;

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

- (i) to consider the appropriate disclosures on the risk management and internal control in our Company's annual reports;
- (j) to review any related party transactions and situations where a conflict of interest may arise within our Group, including any transaction, procedure or course of conduct that raises questions of management integrity, and to consider the appropriateness of such transactions before recommending them to our Board for approval;
- (k) in respect of the recurrent related party transactions of a revenue or trading nature which are subjected to shareholders' mandate, to consider the prescribed guidelines and review procedures to monitor and ascertain that such transactions are in compliance with the terms of the shareholders' mandate;
- (l) to review the Audit and Risk Management Committee report prepared at the end of each financial year that complies with the provisions of the applicable Listing Requirements;
- (m) to involve and consider other matters as may be directed by our Board from time to time; and
- (n) to promptly report to Bursa Securities on any matter reported by it to our Board, which has not been satisfactorily resolved resulting in the breach of the applicable Listing Requirements.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

The members of our Audit and Risk Management Committee as at the LPD are as follows:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Tan Suat Hoon	Chairperson	Independent Non-Executive Director
Ahmad Lutfi B. Abdull Mutalip @ Talib	Member	Independent Non-Executive Director
Rozainah Binti Baharuddin	Member	Independent Non-Executive Director

Our Nomination Committee will review the composition, performance and effectiveness of our Audit and Risk Management Committee and each of its members annually.

5.4.3 Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to the compensation and benefits of our Directors and key senior management. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) to research, formulate and recommend to our Board the broad policy for the remuneration of Directors and key senior management, drawing from outside advice as necessary, with the objective of attracting, retaining and motivating the right talents in our Board and key senior management to drive our Group's long-term objectives;
- (b) to review annually our Directors' remuneration structure (cover all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, other emoluments and benefit-in-kind) of our Directors and key senior management in all forms by referring to the remuneration policy for Directors and key senior management adopted by our Board;
- (c) to ensure that remuneration packages of Executive Directors and key senior management are reflective of our Group's demands, complexities and performance as

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

a whole as well as skills, experience and level of responsibility required in line with the strategic objectives of our Group;

- (d) to ensure that remuneration payable to Non-Executive Directors reflects the experience, expertise and time required of our Non-Executive Directors to discharge their duties and responsibilities undertaken. The remuneration packages of Non-Executive Directors shall be a matter to be decided by our Board as a whole;
- (e) to review and recommend to our Board the compensation for loss of employment of Director, and the benefits or token of appreciation for former Director before presenting to the shareholders for approval;
- (f) to ensure that no Director or any of his associates are involved in deciding his own remuneration;
- (g) to review the Remuneration Committee report to be included in the annual report of our Company for each financial year that complies with the provisions of the applicable Listing Requirements;
- (h) to involve and consider other matters as may be directed by our Board from time to time; and
- (i) to promptly report to Bursa Securities on any matter reported by it to our Board, which has not been satisfactorily resolved resulting in the breach of the applicable Listing Requirements.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at the LPD are as follows:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Rozainah Binti Baharuddin	Chairperson	Independent Non-Executive Director
Ahmad Lutfi B. Abdull Mutalip @ Talib	Member	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director

5.4.4 Nomination Committee

The main function of our Nomination Committee is to assist our Board in appointing new Directors, and in assessing our Board and committees' performance on an ongoing basis. The Nomination Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) to consider candidates for any directorships proposed by our shareholders, our Board or other sources such as independent recruitment firms;
- (b) to consider the performance, competency, commitment, contribution and independence (where applicable) of the retiring Directors;
- (c) to review annually the structure, size, and composition of our Board, including the requisite skill, knowledge, experience, competency, integrity and diversity of our Board members;
- (d) to assess annually the effectiveness and performance of our Board as a whole and each Director individually, as well as the effectiveness and performance of our committees;

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

- (e) to assess annually the independence of each of our Independent Non-Executive Directors to ensure the Independent Non-Executive Directors are fit and maintain independence at all times in order to provide scrutiny, objectivity and impartial judgement to our Board's decision-making;
- (f) to review the term of office and performance of the Audit and Risk Management Committee and each of its members annually to determine whether such committee and its members have carried out their duties in accordance with the terms of reference of such committee;
- (g) to develop and implement appropriate processes for evaluating our Board as a whole and each Director individually, the effectiveness and performance of our Board committees as well as the independence of our Independent Non-Executive Directors;
- (h) where appropriate, to co-ordinate and provide support in respect of assessments that are carried out by independent professional party;
- (i) to review the leadership needs and succession planning for our Directors and key senior management of our Group with a view to maximising our Group's ability to compete effectively in the marketplace;
- (j) to review the Nomination Committee report to be included in the annual report of our Company for each financial year that complies with the provisions of the applicable Listing Requirements;
- (k) to involve and consider other matters as may be directed by our Board from time to time; and
- (l) to promptly report to Bursa Securities on any matter reported by it to our Board, which has not been satisfactorily resolved resulting in the breach of the applicable Listing Requirements.

The recommendations of our Nomination Committee are subject to the approval of our Board.

The members of our Nomination Committee as at the LPD are as follows:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Ahmad Lutfi B.Abdull Mutalip @ Talib	Chairman	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director
Rozainah Binti Baharuddin	Member	Independent Non-Executive Director

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

There are no family relationships (as defined under Section 197 of the Act) or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at the LPD.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements entered into between our Company with any Directors; or between any companies within our Group with any key senior management.

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

5.7 DECLARATIONS FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.7.1 As at the LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (a) in the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;
- (b) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) in the last 10 years, charged or convicted in a criminal proceeding nor is a named subject of a pending criminal proceeding;
- (d) in the last 10 years, any judgment that was entered against him, 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;
- (e) in the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (f) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (h) has any unsatisfied judgment against him.

5.7.2 Our Independent Non-Executive Chairman, Tan Sri Dr Azmil Khalili Bin Dato' Khalid ("**Tan Sri Azmil**"), had on 3 October 2014 entered into a settlement with the SC following a demand made by the SC based on section 188(2) of the CMSA. The settlement was reached without admission or denial of liability by Tan Sri Azmil.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

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

Our Company is principally 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 Subsidiary, we are principally involved in manufacturing and trading of biomass fuel products, particularly PKS and wood pellets. Please refer to Section 7.1 for detailed information of our Group's history.

As at the LPD, our share capital is RM34,980,979 comprising 1,650,000,000 Shares. The movements in our issued share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital	
			No. of Shares	RM
10 January 2024	1,000	RM1,000/ Subscriber's shares	1,000	1,000
10 July 2024	1,649,999,000	⁽¹⁾ RM34,979,979/ Otherwise than cash	1,650,000,000	34,980,979

Note:

(1) *Being the total consideration of RM34,979,979 which was fully satisfied by the issuance of 1,649,999,000 new Shares to the Vendors at an issue price of approximately RM0.0212 each pursuant to the Acquisition.*

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon our Listing, our enlarged issued share capital will increase from RM34.98 million comprising 1,650,000,000 Shares to RM136.48 million comprising 2,000,000,000 Shares.

As at the LPD, we are not involved in any winding-up, receivership or similar proceedings.

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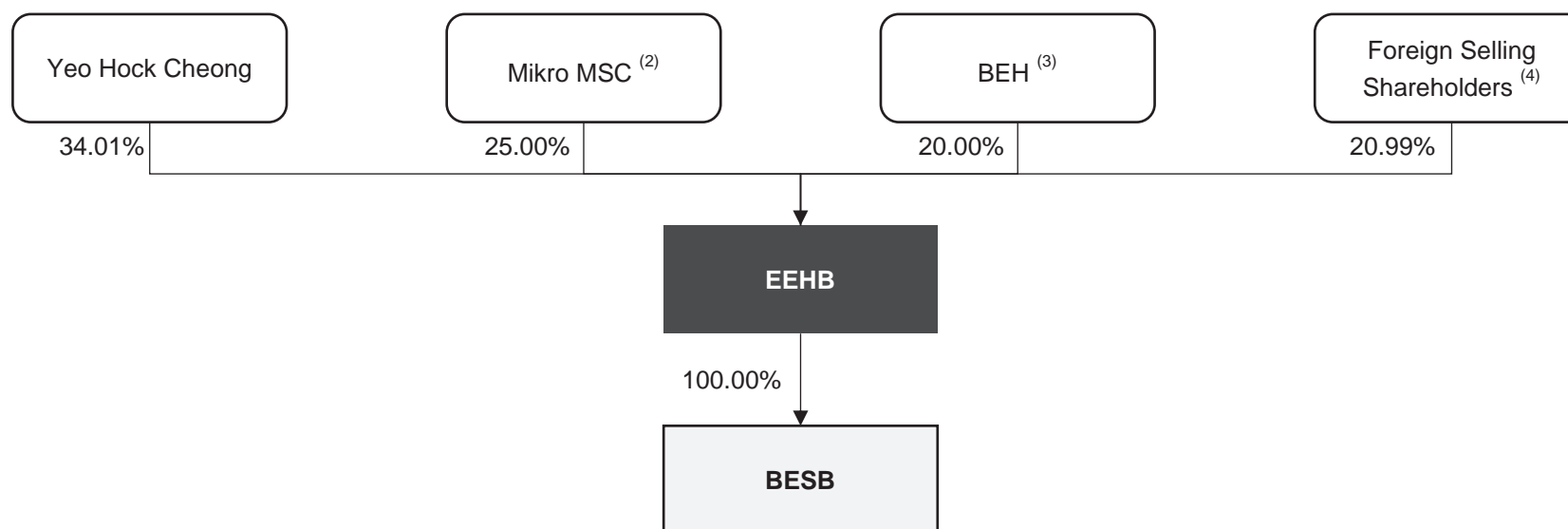
6. INFORMATION ON OUR GROUP (CONT'D)

6.2 OUR GROUP

6.2.1 Group Structure

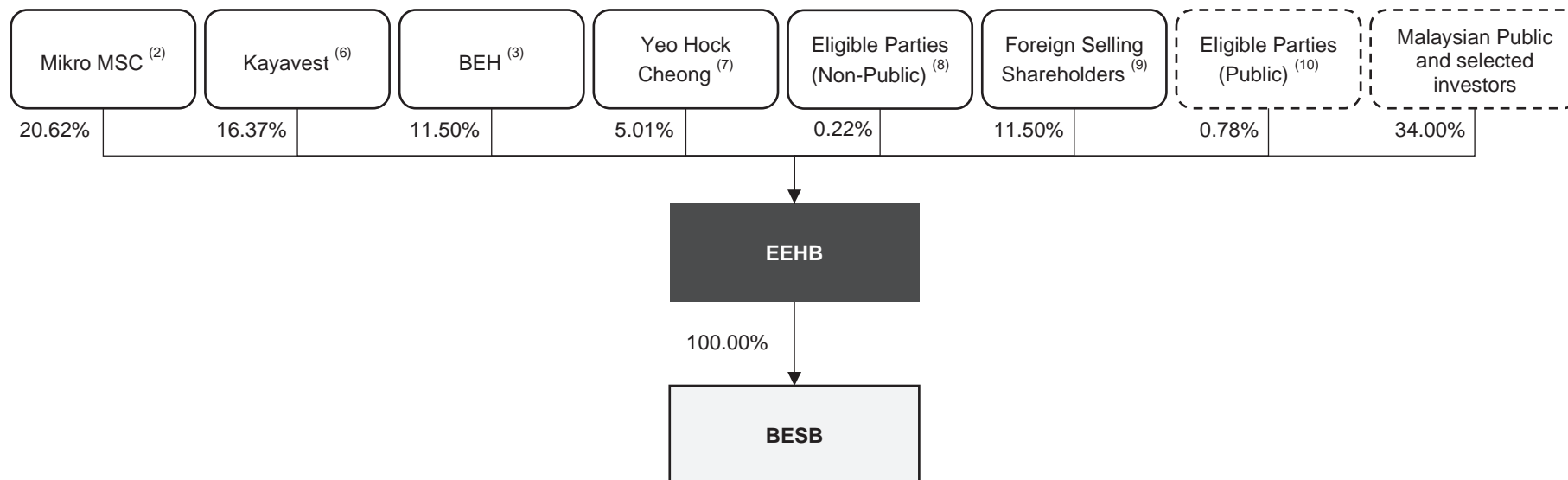
Our group structure before and after our Listing are as follows:

Before our IPO but after the Acquisition ⁽¹⁾



6. INFORMATION ON OUR GROUP (CONT'D)

After our IPO and the Share Transfer ⁽⁵⁾



Legends:

- Represents public shareholders
- Represents non-public shareholders

6. INFORMATION ON OUR GROUP (CONT'D)

Notes:

- (1) *Based on the issued share capital of 1,650,000,000 Shares before our IPO but after Acquisition.*
- (2) *Please refer to Section 5.1.2(d) of this Prospectus for the details of its shareholders and directors.*
- (3) *Please refer to Section 5.1.2(e) of this Prospectus for the details of its shareholders and directors.*
- (4) *Please refer to Section 4.3.2 of this Prospectus for further details.*
- (5) *Based on the enlarged issued share capital of 2,000,000,000 Shares after our IPO and the Share Transfer.*
- (6) *After the Share Transfer. Please refer to Section 5.1.2(c) of this Prospectus for the details of its shareholders and directors.*
- (7) *After the Offer for Sale of 133,499,800 Offer Shares and the Share Transfer.*
- (8) *Based on the assumption that all the Issue Shares allocated to our Directors and our COO, Teoh Soon Tek under the Pink Form Allocations are fully subscribed.*
- (9) *After the Offer for Sale. Please refer to Section 4.3.2 of this Prospectus for further details.*
- (10) *Based on the assumption that all the Issue Shares allocated to the Eligible Parties (save for our Directors and our COO, Teoh Soon Tek) under the Pink Form Allocations are fully subscribed.*

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6. INFORMATION ON OUR GROUP (CONT'D)

6.2.2 Listing Scheme

In conjunction with, and as an integral part of our Listing, the details of our Listing Scheme are as follows:

(a) Acquisition

Our Company entered into the share sale agreement with the Vendors on 31 January 2024 to acquire the entire issued share capital of BESB for a total consideration of RM34,979,979, which was fully satisfied by the issuance of 1,649,999,000 new Shares at an issue price of approximately RM0.0212 each. The total purchase consideration of RM34,979,979 was arrived at after taking into consideration the audited NA of BESB as at 31 December 2023 of approximately RM35.03 million.

The details of the Vendors and the number of Shares issued to them are as follows:

Vendors	Shareholding in BESB		Purchase consideration (RM)	No. of Shares issued
	No. of BESB Shares	%		
Yeo Hock Cheong	2,380,000	34.01	11,893,183	560,999,200
Mikro MSC	1,750,000	25.00	8,744,996	412,499,800
BEH	1,400,000	20.00	6,995,996	329,999,800
Koh Xian Kai	320,000	4.57	1,599,086	75,428,600
Steven Djunaidi	320,000	4.57	1,599,086	75,428,600
Ang Kian Siong (Hong Jianqiang)	320,000	4.57	1,599,086	75,428,600
Almuhaysini Ali Abdullah	255,000	3.64	1,274,273	60,107,200
Cao Yu	255,000	3.64	1,274,273	60,107,200

(b) IPO

The details of the Public Issue and Offer for Sale are set out in Sections 4.3.1 and 4.3.2 of this Prospectus.

(c) Share Transfer

During the prescription period (one day after the launching date of the Prospectus up to a period of 30 days), Yeo Hock Cheong will transfer a total of 327,320,400 Shares to Kayavest for a purchase consideration of RM94.92 million. Further details of the Share Transfer are set out below:

	No. of Shares held after our IPO but before the Share Transfer	No of Shares to be transferred to Kayavest	No. of Shares held after the Share Transfer	%
Yeo Hock Cheong	427,500,400	327,320,400	100,180,000	5.01

Kayavest is principally an investment holding company holding the Shares of Yeo Hock Cheong. Yeo Hock Cheong is the sole director and sole shareholder of Kayavest.

Please refer to Section 5.1.2(c) of this Prospectus for details of Kayavest, being our Promoter and substantial shareholder.

(d) Listing

Upon completion of our IPO, our Company's enlarged issued share capital of approximately RM136.48 million comprising 2,000,000,000 Shares shall be listed on the ACE Market.

6. INFORMATION ON OUR GROUP (CONT'D)

6.2.3 SUBSIDIARY AND ASSOCIATED COMPANY

Details of our subsidiary as at the LPD are summarised as follows:

<u>Company/ Registration Number</u>	<u>Date/ Place of incorporation</u>	<u>Principal place of business</u>	<u>Issued share capital</u> RM	<u>Effective equity interest</u> %	<u>Principal activities</u>
BESB/ 201101026049 (954185-X)	25 July 2011/ Malaysia	Malaysia	7,300,000	100.0	Principally involved in manufacturing and trading of biomass fuel products

Details of the issued share capital of our Subsidiary are set out in Section 15.3(b) of this Prospectus.

As at the LPD, we do not have any associated company and joint venture.

6.3 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are material (not being contracts entered into in the ordinary course of business) entered into by our Group during the Financial Years/Period Under Review and up to the LPD:

- (a) Investment agreement dated 5 April 2023 between BESB and Newman Trust Investment Bank Ltd ("**NTIB**") for a total consideration of USD2.66 million ("**Investment Sum**") for NTIB to invest in potential target companies with the objective of developing and expanding such target companies under the management of NTIB ("**Investment Agreement**"). The Investment Agreement was mutually terminated on 4 July 2023 and the Investment Sum was fully refunded to BESB without any profit or losses accrued to BESB. The termination of the Investment Agreement was due to the unexpected rapid business development of BESB due to an increase in demand for biomass fuel products, where the Investment Sum is required to be utilised for purchase of raw materials to meet the increase in demand;
- (b) Conditional share sale agreement dated 31 January 2024 between our Company and the Vendors for the Acquisition, which was completed on 10 July 2024; and
- (c) Underwriting Agreement.

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6. INFORMATION ON OUR GROUP (CONT'D)**6.4 MATERIAL INVESTMENT AND DIVESTITURES****6.4.1 Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures (including interests in other corporations) made by us during the Financial Years/Period Under Review and up to the LPD:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 May 2024 up to the LPD
Capital expenditures	RM'000	RM'000	RM'000	RM'000	RM'000
<u>PPE</u>					
Equipment	-	2	269	-	-
Furniture and fittings	2	1	48	-	-
Plant and machinery	-	102	76	(1) 4,714	-
Office equipment	1	55	157	3	-
Renovation	13	-	128	-	-
	16	160	678	4,717	-

Note:

(1) Mainly purchases of machinery and equipment for Kapar Factory of RM4.70 million.

6.4.2 Material capital divestitures

Save for the divestitures disclosed below, there were no other capital divestitures (including interests in other corporations) made by us during the Financial Years/Period Under Review and up to the LPD.

	FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 May 2024 up to the LPD
Capital divestitures	RM'000	RM'000	RM'000	RM'000	RM'000
<u>PPE</u>					
Furniture and fittings	-	-	-	10	-
Motor vehicles	-	-	118	-	-
Plant and machinery	-	-	~	1	-
Office equipment	-	~	3	2	-
Renovation	-	-	-	3	-
	-	~	121	16	-
<u>ROU assets</u>					
Motor vehicles	-	748	-	-	-
	-	748	-	-	-

Note:

~ Less than RM1,000

Moving forward, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.7.1 of this Prospectus, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

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6. INFORMATION ON OUR GROUP (CONT'D)

6.4.3 Material plans to construct, expand or improve our facilities

Save for the proposed utilisation of proceeds from our IPO vis-à-vis our proposed capital expenditure as set out in Section 4.7.1 and Section 7.20.1 of this Prospectus, our Group does not have any other immediate plan to construct, expand and improve our facilities as at the LPD.

6.5 PUBLIC TAKE-OVERS

Since our incorporation and up to the LPD, there has been:

- (a) no public take-over offers by third parties in respect of our Shares; and
- (b) no public take-over offers by our Company in respect of other companies' shares.

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6. INFORMATION ON OUR GROUP (CONT'D)

6.6 MAJOR APPROVALS AND LICENCES

As at the LPD, there are no other major approvals, licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ licences	Equity and/or major conditions imposed	Compliance status
(a)	BESB	MITI	23 October 2019/ Nil	Manufacturing licence for the premise located on Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor for the manufacturing of wood pellets, wood chips and green flakes ⁽¹⁾	<p>(i) The company must notify MITI and MIDA for any changes in the equity structure of the company;</p> <p>(ii) The company must train Malaysians to promote the transfer of technology and expertise at all levels of positions;</p> <p>(iii) The company must comply with the capital investment per employee ratio requirement - Capital Investment Per Employee (CIPE) of at least RM140,000.00;</p> <p>(iv) The company's total full-time workforce must consist of at least 80% Malaysian citizens no later than 31 December 2024. The employment of foreigners including workers obtained through outsourcing is subject to the current policy; and</p> <p>(v) The company must implement its project as approved and in accordance with the laws and other regulations enshrined in Malaysia.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>

6. INFORMATION ON OUR GROUP (CONT'D)

<u>No.</u>	<u>Licencee</u>	<u>Issuing authority</u>	<u>Date of issue/ Date of expiry</u>	<u>Nature of approval/ licences</u>	<u>Equity and/or major conditions imposed</u>	<u>Compliance status</u>
(e)	BESB	Klang Municipal Council	23 November 2023/ 31 December 2024 ⁽³⁾	Business premise licence for office Licensed premise: Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor	Nil	-
(f)	BESB	Klang Municipal Council	24 November 2023/ 31 December 2024 ⁽³⁾	Storage licence Licensed premise: Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor	Nil	-
(g)	BESB	Klang Municipal Council	24 November 2023/ 31 December 2024 ⁽³⁾	Advertising and industrial licence Licensed premise: Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor	Nil	-
(h)	BESB	Klang Municipal Council	5 December 2023/ 31 December 2024 ⁽³⁾	Business premise licence for office Licensed premise: Lot 6466, Lorong Sungai Puloh, Batu 6, Jalan Kapar, 42100 Klang, Selangor	Nil	-

6. INFORMATION ON OUR GROUP (CONT'D)

<u>No.</u>	<u>Licencee</u>	<u>Issuing authority</u>	<u>Date of issue/ Date of expiry</u>	<u>Nature of approval/ licences</u>	<u>Equity and/or major conditions imposed</u>	<u>Compliance status</u>
(i)	BESB	Klang Municipal Council	5 December 2023/ 31 December 2024 ⁽³⁾	Storage licence Licensed premise: Lot 6466, Lorong Sungai Puloh, Batu 6, Jalan Kapar, 42100 Klang, Selangor	Nil	-
(j)	BESB	Klang Municipal Council	4 December 2023/ 31 December 2024 ⁽³⁾	Advertising and industrial licence Licensed premise: Lot 6466, Lorong Sungai Puloh, Batu 6, Jalan Kapar, 42100 Klang, Selangor	Nil	-
(k)	BESB	Kuala Lumpur City Hall ("DBKL")	8 August 2023/ 8 August 2024 ⁽³⁾	Business premise licence for office Licensed premise: 61-2, Jalan Radin Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	(i) The DBKL shall have the rights to impose additional conditions as a business control measure from time to time as well as take action based on the relevant applicable laws with the external departments or agencies related to the business activities; (ii) The business licence shall be renewed every year, 60 days before the expiry of the licence, without notice from DBKL; and (iii) Employees of the premises shall comprise a minimum of 50% Malaysian employees and the non-Malaysian employees must have valid working permits.	Noted Noted Complied

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ licences	Equity and/or major conditions imposed	Compliance status
(l)	BESB	DBKL	3 November 2023/ 3 November 2024 ⁽³⁾	Business premise licence for office Licensed premise: 57-1, Jalan Radin Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	(i) The DBKL shall have the rights to impose additional conditions as a business control measure from time to time as well as take action based on the relevant applicable laws with the external departments or agencies related to the business activities; (ii) The business licence shall be renewed every year, 60 days before the expiry of the licence, without notice from DBKL; and (iii) Employees of the premises shall comprise a minimum of 50% Malaysian employees and the non-Malaysian employees must have valid working permits.	Noted Noted Complied
(m)	EEHB	DBKL	27 June 2024/ 27 June 2025 ⁽³⁾	Business premise and advertising licence for office Licensed premise: 61-2, Jalan Radin Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	(i) The DBKL shall have the rights to impose additional conditions as a business control measure from time to time as well as take action based on the relevant applicable laws with the external departments or agencies related to the business activities; (ii) The business licence shall be renewed every year, 60 days before the expiry of the licence, without notice from DBKL; and (iv) Employees of the premises shall comprise a minimum of 50% Malaysian employees and the non-Malaysian employees must have valid working permits.	Noted Noted Complied

6. INFORMATION ON OUR GROUP (CONT'D)



Notes:

- (1) The term “green flakes” refers to the PKS processed and manufactured by our Group pursuant to the patent as disclosed in Section 6.7.2 of this Prospectus. MITI has vide its letter dated 8 January 2024 confirmed that the term “green flakes” corresponds to the tariff code of PKS.
- (2) The renewal application will be submitted to MTIB before the expiry date. The Group has managed to renew the abovementioned licence during the Financial Years/Period Under Review and the Group’s management do not foresee any issue with future renewal.
- (3) The renewal application will be submitted to the relevant local authority before the expiry date. As at the LPD, our Group has not faced any issues in renewing such licence issued by the respective local authority as it is administrative in nature and the Group is confident that such renewal can be obtained.

6.7 INTELLECTUAL PROPERTIES

Save as disclosed below, our Group has not registered any brand names, patents, trademarks or other intellectual property rights:





6.7.1 Trademark

Registration No.	Design	Registered Owner	Authority	Class/ Description	Issuance date/ Expiry date	Status
2018006338		BESB	MyIPO	4/ Biomass fuels included in class 4	28 May 2018/ 28 May 2028	Registered
2018006337		BESB	MyIPO	40/ Production of energy, renewable energy, and alternate fuel and energy; all included in class 40	28 May 2018/ 28 May 2028	Registered

As our current manufacturing and administration is based in Malaysia, we do not register these trademarks in other countries in which we export our products to. As at LPD, our Group intends to focus on expanding our manufacturing capacity locally and have no plans to produce overseas.

We are currently applying for the registration of the following trademarks with MyIPO:

6. INFORMATION ON OUR GROUP (CONT'D)

Design	Applicant	Application No.	Place of Registration	Class/Description	Status
 	Company	TM2024008982	Malaysia	4 ⁽¹⁾	Under substantive examination
 	Company	TM2024008989	Malaysia	40 ⁽²⁾	Under substantive examination

Notes:

- (1) Biomass fuels; Fuel pellets; Pellets of compressed fibre manufactured from a plant crop to be used as fuel; Wood chips for use as fuel; Wood for use as fuel; Fuel products of pressed wood chips; Wood pellets for heating [fuel]; Peat [fuel]; Palm kernel shell to be used as fuel; Fibres or by-products from the palm oil production to be used as fuel.
- (2) Consultancy in the field of energy generation; Consultancy in the field of energy production; Providing information relating to material treatment; Energy generation; Processing and transforming of energy; Energy production services; Fuel processing; Production and processing of fuels and of other sources of energy; Production of electrical energy from renewable sources; Production of energy.

As at the LPD, save for the trademarks which have already been registered as disclosed above, our Group's business or profitability is not dependent on trademarks that are under substantive examination or any other intellectual property.

Although the registration of the above trademark ("**New Trademark**") have yet to be effected, our Group's business and profitability are not dependent on the New Trademark as our Group has established a strong presence in the industry and as such, our Group will not be affected in the event of non-approval of registration. In addition, our Group may still be able to initiate a passing off action against any person using a mark which is similar or identical to the New Trademark pursuant to common law principles.

6.7.2 Patent

Patent Grant No.	Patent Title	Registered Owner	Authority	Grant Date	Status
MY-192992-A	A system for processing palm kernel shell as biomass fuel	BESB	MyIPO	20 September 2022	Granted ⁽¹⁾

Note:

- (1) Pursuant to Section 35 of Patents Act 1983, the duration of a patent shall be twenty years from the filing date of the application. The filing date of the application is 30 August 2018.

6. INFORMATION ON OUR GROUP (CONT'D)

6.8 PROPERTY, PLANT AND EQUIPMENT

6.8.1 Properties owned by our Group

The summary of the material properties owned by our Group as at the LPD are set out below:

No.	Particulars of title/ Postal address	Registered owner	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)/ Express conditions/ Restriction-in-interest	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 30 April 2024 RM'000
(a)	HS(D) 71762, PT 67194, Mukim Klang, Daerah Klang, Selangor/ Lot No. 175, Jalan Sungai Pinang 5/6, Pulau Indah Industrial Park, Pulau Indah 42920, Port Klang, Selangor	BESB	1½-storey semi-detached factory/ Industrial factory ⁽¹⁾ / Nil/ Industrial/ Industrial/ The land cannot be transferred, charged or leased without State Authority consent	8,525/ 4,567	27 December 2019/ 1 June 2000	Nil	2,557
(b)	Geran 31423, Lot 46 Seksyen 29, Bandar and Daerah Klang, Negeri Selangor/ Nil ⁽²⁾	BESB	Vacant land/ Vacant intended for future development/ Nil/ Nil/ Nil/ Nil	1,593/ Not applicable ⁽²⁾	27 December 2019/ Not applicable ⁽²⁾	Land charged in favour of Affin Islamic Bank Berhad on 18 October 2023 Land charged in favour of Affin Islamic Bank Berhad on 14 September 2020	⁽³⁾ -

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Particulars of title/ Postal address	Registered owner	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)/ Express conditions/ Restriction-in-interest	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 30 April 2024 RM'000
(c)	Geran 31424, Lot 47 Seksyen 29, Bandar and Daerah Klang, Negeri Selangor/ Nil ⁽²⁾	BESB	Vacant land/ Vacant intended for future development/ Nil/ Nil/ Nil/ Nil	1,593/ Not applicable ⁽²⁾	27 December 2019/ Not applicable ⁽²⁾	Land charged in favour of Affin Islamic Bank Berhad on 18 October 2023 Land charged in favour of Affin Islamic Bank Berhad on 14 September 2020	(3)-
(d)	Geran 31421, Lot 48 Seksyen 29, Bandar and Daerah Klang, Negeri Selangor/ Nil ⁽²⁾	BESB	Vacant land/ Vacant intended for future development/ Nil/ Nil/ Nil/ Nil	1,593/ Not applicable ⁽²⁾	27 December 2019/ Not applicable ⁽²⁾	Land charged in favour of Affin Islamic Bank Berhad on 18 October 2023 Land charged in favour of Affin Islamic Bank Berhad on 14 September 2020	(3)-

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Particulars of title/ Postal address	Registered owner	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)/ Express conditions/ Restriction-in-interest	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 30 April 2024 RM'000
(e)	Geran 31422, Lot 49 Seksyen 29, Bandar and Daerah Klang, Negeri Selangor/ Nil ⁽²⁾	BESB	Vacant land/ Vacant intended for future development/ Nil/ Nil/ Nil/ Nil	1,593/ Not applicable ⁽²⁾	27 December 2019/ Not applicable ⁽²⁾	Land charged in favour of Affin Islamic Bank Berhad on 18 October 2023 Land charged in favour of Affin Islamic Bank Berhad on 14 September 2020	(3)-

Notes:

- (1) *The property is currently rented out to Gema Inovatif Sdn Bhd for a tenancy period of 2 years commencing 1 June 2024 to 31 May 2026.*
- (2) *The property is a vacant land and does not have any existing structure.*
- (3) *Properties (b), (c), (d) and (e) are four (4) pieces of freehold vacant land that were purchased under a sales and purchase agreement dated 27 December 2019. The cumulative audited NBV as at 30 April 2024 for properties (b), (c), (d) and (e) is RM1.80 million.*

The property owned by our Group are not in breach of any land use conditions, statutory requirements, land rules or building regulations/ by-laws, which will have material adverse impact on our operations as at the LPD.

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6. INFORMATION ON OUR GROUP (CONT'D)

6.8.2 Properties rented by our Group

The summary of the properties rented by our Group as at the LPD are as follows:

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Date of CCC	Built-up area sq ft	Period of tenancy/ Rental per annum (RM)/ Option to renew
(1)	Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor	C N H Holdings Sdn Bhd/ BESB	Two (2) adjoining single storey factory cum warehouse with one (1) double storey office building/ Wood pellet and palm kernel shell manufacturing and packing facility	13 August 2015	100,806	1 November 2023 – 31 October 2025/ RM1,354,776/ 2 years
(2)	Warehouse A3 & Warehouse A5, Southpoint, Northport, Lorong Pelabuhan Selatan, Kawasan 13, 42000 Port Klang, Selangor	Northport (Malaysia) Berhad/ BESB	Two (2) warehouse space / Warehouse	(1)-	102,200	1 January 2024 – 31 December 2025/ RM1,470,720/ Nil
(3)	Lot 6466, Lorong Sungai Puloh, Batu 6, Jalan Kapar, 42100 Klang, Selangor	Syarikat Minho Kilning Sdn Bhd & Victory Enterprise Sdn Bhd/ BESB	Single storey factory building/ Palm kernel shell manufacturing and storage	11 January 1992	375,136	(2)1 November 2023 – 31 October 2025/ RM2,692,454/ 2 years (2)1 December 2023 – 30 November 2025/ RM2,709,504/ 2 years
(4)	61-2, Jalan Radin Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Tarez (M) Sdn Bhd/ BESB	2 nd floor of a 3-storey shoplot / Management office	29 May 2014	1,920	1 January 2023 – 31 December 2024/ RM37,800/ Nil

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Date of CCC	Built-up area sq ft	Period of tenancy/ Rental per annum (RM)/ Option to renew
(5)	57-1, Jalan Radin Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Ecol Nutrihealth Sdn Bhd/ BESB	1 st floor of a 3-storey shoplot/ Management office	29 May 2014	1,920	1 September 2023 – 31 August 2025/ RM49,200/ 1 year

Notes:

(1) *Our Group has requested for a copy of the CCC from the landlord, namely Northport (Malaysia) Berhad. The landlord has confirmed that they are unable to furnish us with a copy of the CCC as the warehouses were constructed prior to the enactment of the Street, Drainage and Building Act 1974 which imposed the requirement for buildings to obtain a Certificate of Fitness for Occupation (the equivalent of CCC) ("CF").*

Notwithstanding that CF/CCC is not required at the time of the completion of the construction of the warehouse, the landlord has nevertheless decided and is now applying for CCC to give comfort to the tenants that the warehouses meet the current standards set by the authorities for occupation.

(2) *Our Group had, on 25 September 2023, entered into a tenancy agreement to rent a portion of the premises (constituting approximately half of the factory building and land). Our Group then subsequently entered into a separate tenancy agreement on 16 November 2023 to rent the remaining factory building and land of the same premises after taking into consideration the Group's future growth and business expansion.*

The properties rented by our Group are not in breach of any land use conditions, statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at the LPD.

6.8.3 Acquisition of properties

We have not acquired nor entered into any agreements to acquire any properties during the Financial Years/Period Under Review and up to the LPD.

6. INFORMATION ON OUR GROUP (CONT'D)

6.9 EXCHANGE CONTROLS

Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

6.10 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

6.10.1 Governing laws and regulations

The following is an overview of the regulatory requirements governing our Group which are material to our business:

(a) Industrial Co-ordination Act 1975 (“ICA”)

Pursuant to the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. Failure to comply is an offence punishable upon conviction to a fine not exceeding RM2,000.00 or a term of imprisonment not exceeding six months and to a further fine not exceeding RM1,000.00 every day during which such default continues.

“Manufacturing activity” is defined under the ICA as “the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article of substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of part and ship repairing but shall not include any activity normally associated with retail or wholesale trade”.

Manufacturing companies with shareholders’ funds of RM2.50 million and above or engaging 75 or more full-time paid employees are required to apply to the MITI for a manufacturing licence.

As at the LPD, our Subsidiary, which carries out the manufacturing activities of our Group holds valid manufacturing licences for the manufacturing of wood pellets, wood chips and green flakes. For clarity, the term “green flakes” refers to the PKS processed and manufactured by our Group as further detailed in note (1) of Section 6.6 of this Prospectus.

(b) Malaysian Timber Industry Board (Incorporation) Act 1973 (“MTIB Act”)

Pursuant to Section 13 of the MTIB Act, no person shall carry on any activity as an exporter, importer, supplier, grader, processor, trader, operator or a jetty operator unless he is registered in accordance with the MTIB Act, failing which such persons shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 3 years or to both.

Pursuant to the MTIB Act, the term “export” means to take or cause to be taken out of Malaysia by land, sea or air or to place any timber in a vessel, conveyance or aircraft for the purpose of the timber being taken out of Malaysia by land, sea or air, and the term “exporter” means to a person who exports timber.

As at the LPD, our Subsidiary, which carries out activity as exporter, holds a valid licence issued by the MTIB to export.

6. INFORMATION ON OUR GROUP (CONT'D)

(c) Environmental Quality Act 1974 ("EQA"), Environmental Quality (Clean Air) Regulations 2014 ("EQCAR") and Environmental Quality (Scheduled Wastes) Regulations 2005 ("EQSWR")

The EQA regulates, among others, the levels of pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without licence, prohibits the discharge of oil and wastes into Malaysian waters.

The EQCAR is a subsidiary legislation pursuant to the EQA which regulates the emission of air pollutants to the atmosphere and specifies the requirements for an air pollution control system for every premises to which the EQCAR applies to, including any premises used for any industrial or trade purposes, or on which matter is burnt in connection with any industrial or trade purposes and any other premises or process that discharges or is capable of discharging air pollutants into the open air. Any person who contravenes or fails to comply with any provisions of the EQCAR will be guilty of an offence and shall be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding two years or to both.

The EQSWR is a subsidiary legislation pursuant to the EQA which imposes on the waste generator of the premises an obligation to records, store, label, treat and dispose scheduled waste in accordance with the EQSWR. Any person who contravenes the EQSWR commits an offence and may be subject to a compound not exceeding RM2,000.

As at the LPD, our Group has not been issued with any fines or compounds in relation to any contravention of the EQA.

(d) Local Government Act 1976 ("LGA")

The LGA empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall 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 therefor.

As we operate in Kuala Lumpur and Selangor, we are subject to the by-laws of the respective states and fall under the purview of Kuala Lumpur City Hall and Klang Municipal Council. The relevant by-laws governing the conduct of our business are as follows:

(i) Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws 2016 ("Kuala Lumpur By-Laws")

The Kuala Lumpur By-Laws states that it is an offence for any person who uses any premise for any business activity without a business premise licence. Any person who contravenes this provision shall be guilty of an offence and shall be liable on conviction to a fine not exceeding RM2,000.00 or a term of imprisonment not exceeding one year or both and in the case of continuing offence a sum not exceeding RM200.00 for each day during which the offence is continued after conviction.

(ii) Advertisements (Federal Territory) By-Laws 1982 ("Advertisement (KL) By-Laws")

The Advertisement (KL) By-Laws requires all exhibitions of advertisement to be licensed including signboards. Any person who contravenes any of the provisions under the Advertisement (KL) By-Laws shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding one year or to both such fine and imprisonment.

6. INFORMATION ON OUR GROUP (CONT'D)

(iii) Licensing of Trades, Businesses, and Industries (Klang Municipal Council) By-Laws 2007 (“Klang By-Laws”)

The Klang By-Laws provides that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of the council for any activity of trade, business and industry without a licence issued by the licensing authority. Any person who contravenes any provision of the Klang By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both, and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

(iv) Advertisement (Klang Municipal Council) By-Laws 2007 (“Klang Advertisement By-Laws”)

The Klang Advertisement By-Laws provides that no person shall exhibit any advertisement without a licence issued by the licencing authority. Any person who contravenes any of the provisions of the Klang Advertisement By-Laws shall be guilty of an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both.

As at the LPD, our Group has obtained the business premise and signboard licences, where relevant, for all our premises.

(e) Employment Act 1955 (“EA”)

The EA regulates all labour related matters and employment relationship between employers and employees. It serves as a framework for protecting the rights and welfare of employees.

Any person who commits any offence under, or contravenes any provision of the EA, or any regulations, order or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM50,000.

As at the LPD, our Group complies with the relevant requirements under the EA.

(f) Free Zone Act 1990 (“FZA”) and Free Zone Regulations 1991 (“FZR”)

The FZA provides for the establishment of free zones in Malaysia for promoting the economic life of the country and for related purposes. The FZR is a subsidiary legislation made by the Minister in exercise of its power conferred under the FZA. Pursuant to Regulation 5 of the FZR, any person who intends to carry out any activity within a free zone shall apply to the free zone authority (“**FZ Authority**”) for approval. Further, no person shall hold any tenancy or lease of any movable or immovable property in a free zone for the purpose of carrying out any commercial or manufacturing activity and related operations in the zone, except with the permission of the Free Zone Authority.

Every omission or neglect to comply with, and every act done or attempted to be done contrary to the provisions of the FZA or any regulations made thereunder shall be an offence and in respect of any such offence for which no penalty is expressly provided, the offender shall be liable, on conviction, to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 3 years or to both.

As at the LPD, our Subsidiary holds a valid licence issued by Port Klang Authority Malaysia to operate and trade in Port Klang.

6. INFORMATION ON OUR GROUP (CONT'D)

(g) Port Authority Act 1963 (“PAA”)

Pursuant to Section 3 of the PAA, the port authority of the relevant ports in Malaysia shall have power to do all things reasonably necessary for or incidental to the discharge of its function, and in particular among others, to undertake or grant licence on such conditions as the authority may think fit to any company, firm, person or persons to undertake, any activities in the Port as may appear to the authority to be necessary.

The general penalty for contravening any provisions of PAA or any by-laws made thereunder shall be liable to a fine not exceeding RM500.

As at LPD, our Subsidiary holds a valid licence issued by Port Klang Authority Malaysia to operate and trade in Port Klang.

6.10.2 Environmental, social and governance practices

Our group’s business lies in the production of biomass fuel products inherently positions our Group to generate enduring and substantial value growth for stakeholders. The versatility of our biomass fuel products is further evident in their application in the co-firing process, allowing the combustion of different fuel sources within the same system. This approach proves effective in reducing greenhouse gas emissions. In tandem with these efforts, we are dedicated to addressing climate change and actively contributing to preserving our oceans and forests. Our commitment to sustainability is outlined in our Environmental Policy guiding the implementation and ongoing adoption of the following practices by our group:

(a) Environmental

Our Group is committed to supporting environmental conservation and care through the incorporation of sustainable practices in our business operations. These initiatives encompass the measures we have implemented or intend to implement (as the case may be) including the following:

- Malaysia stands as a global leader in palm oil production and exportation. Nevertheless, the substantial production of palm oil presents a significant challenge in waste disposal, notably with the shell fractions left after palm oil extraction from palm kernels, which are by-products or wastes of the palm oil milling process. This underscores the need to explore solutions for converting this PKS into value-added products suitable for various applications. As part of our commitment to Environmental, Social, and Governance (ESG) principles, our initiative involves the implementation of innovative solutions to convert PKS into value-added products, reflecting our dedication to responsible and sustainable business practices.

In line with this commitment, our Proprietary PKS process at the Port Klang Factory feature the integration of our PKS production line. This system is designed to minimize impurities by separating useful PKS from small unwanted particles such as tiny stones and fibres during our PKS manufacturing process. This ensures that our PKS have minimal impurity content, typically 1% or less. By integrating these sustainable biomass fuel solutions, we contribute to reducing waste and promoting environmentally conscious practices within the palm oil industry.

- We take pride in our manufacturing facilities, where our biomass fuel products stand out for their environmental friendliness, sourced from by-products or wastes to actively contribute to waste reduction. Remarkably, our wood pellets stand out as the exclusive biomass company featured in the Alternative Fuel category of MyHIJAU’s directory.

6. INFORMATION ON OUR GROUP (CONT'D)

Our biomass fuel products hold certifications such as PEFC for wood pellets, the Green Gold Label for PKS, and the Green Label Certification. These certifications underscore our dedication to sourcing from selected suppliers committed to sustainable management practices.

- Our location of Port Klang Factory and warehouses are strategically chosen. These warehouse facilities act as a temporary storage hub for our biomass fuel products before they are collected by customers or sent to our bonded warehouse in Port Klang, facilitating subsequent international exports. This strategic measure not only streamlines our supply chain but also contributes to a reduction in delivery costs with our goal to minimize the environmental impact associated with transportation while concurrently improving overall operational efficiency.

(b) Social

Participation in industry-related associations

Our social initiative involves active participation in industry-related associations, including the Malaysia Biomass Industries Confederation (“**MBIC**”) and the MTIB. Through these engagements, we aim to foster collaboration, understand the collective needs and interests of the biomass industry, and contribute to its holistic development.

By being a part of associations like MBIC, we leverage the platform to facilitate the commercialization, marketing, and utilization of high-value biomass products. Simultaneously, we endorse the principles of sustainable consumption and production. Our involvement is not only geared towards advancing the interests of our Group but also towards creating a conducive ecosystem for the sustainable growth of the biomass industry as a whole.

Moreover, our collaboration extends to supporting the sustainable growth of the Malaysian timber industry. Through the provision of a conducive environment and the continuous extension of quality services, we contribute to maintaining an ecosystem that aligns with ESG principles. This initiative underscores our commitment to responsible business practices, industry collaboration, and the promotion of sustainability across the biomass and timber sectors.

Local communities and employee engagement

Our Group strives to enhance human well-being and address economic security, inequality, and health needs, guided by fundamental principles including:

- ensuring a safe, healthy and conducive work environment for our employees;
- abolishing inappropriate behaviors and practices, encompassing workplace bullying, discrimination based on individual differences, discriminatory or sexual harassment, intimidation, and victimisation;
- ensuring equal access to opportunities regardless of one’s age, gender, ethnicity, religion, national origin, sexual orientation, disability or any other relevant characteristics;
- ensuring the preservation of fundamental workers’ rights by eradicating all forms of child labor and forced labor;
- empowering our workforce by supporting their personal and professional growth; and
- cultivating a diverse and inclusive culture that recognises and values individuality.

6. INFORMATION ON OUR GROUP (CONT'D)

As part of our commitment to continuously supporting the communities, our Group made contributions to the following:

- In 2022, our Group provided financial support to Persatuan Persaudaraan Kristian Rumah Charis Untuk Bantuan Dan Kebajikan Kuala Lumpur (Rumah Charis), a non-profit organization registered under the social welfare category with the Registrar Society of Malaysia. This contribution is part of our ongoing Corporate Social Responsibility (CSR) initiative. Rumah Charis, dedicated to providing a home for the elderly, children, and youth, offers vital social services including spiritual guidance, shelter, education, and engaging community activities.
- In 2023, our Group extended a monetary donation to places of worship, including the Persatuan Penganut Dewa Chuan Soon Kiong in Klang, Selangor, as part of our community initiative. This contribution was intended to support the ongoing maintenance and upkeep of these religious establishments, fostering a sense of unity and collective well-being within the community.

(c) Governance

We are committed to upholding the standards of corporate governance where our Board of Directors and employees uphold a high standard of integrity, transparency and accountability in our business dealings and conduct.

Save for certain practices of the MCCG, the compliance of which could only be achieved or becomes applicable upon the listing of our shares on the ACE Market, (such as the recommended disclosures to be made in the Company's Annual Report and Corporate Governance Report), we have adopted the MCCG practices by codifying the provisions of the practices into the Board Charter, Board Committee's terms of reference and other board policies and procedures.

In addition, our Group has adopted the Anti-Bribery and Anti-Corruption policy towards bribery where we have put in place the policies and procedures to ensure strict compliance with the Malaysian Anti-Corruption Commission Act 2009. In relation to our Group's risk management, our Group has put in place a risk management framework to monitor closely on the risk associated with our Group's business as well as the Whistleblowing Policy to ensure and promote fairness in business dealings.

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7. BUSINESS OVERVIEW

7.1 BACKGROUND AND HISTORY

7.1.1 Overview of our Group

Our Company was incorporated in Malaysia under the Act on 10 January 2024 as a public limited company to facilitate the Listing. Through our sole Subsidiary, BESB, we are principally involved in the manufacturing and trading of biomass fuel products, particularly PKS and wood pellets.

Biomass fuel products are energy sources derived from organic materials, that are burned or combusted to generate heat or electricity. Biomass fuel products are generally environmentally friendly as they are derived from by-products or wastes, thus promoting waste reduction. Further, they are also derived from renewable sources such as plants or organic waste which are infinite and have a lower likelihood of depleting. PKS are a form of biomass fuel products that are derived from the shell fractions left after oil is extracted from palm kernels. Meanwhile, wood pellets are a form of biomass fuel products produced from saw dust, wood chips, offcut and wood slabs, which are industrial wastes from timber milling.

We source our raw materials from a network of local and foreign suppliers comprising traders, oil palm plantation and milling companies, palm fruits transporters, and logging transporters. As Malaysia is one of the largest oil palm producers globally and is rich in forest resources, most of our raw materials are locally sourced from Malaysia. In addition, we also source raw materials, particularly unprocessed PKS, from traders based in Singapore and Indonesia, depending on availability and pricing of these raw materials.

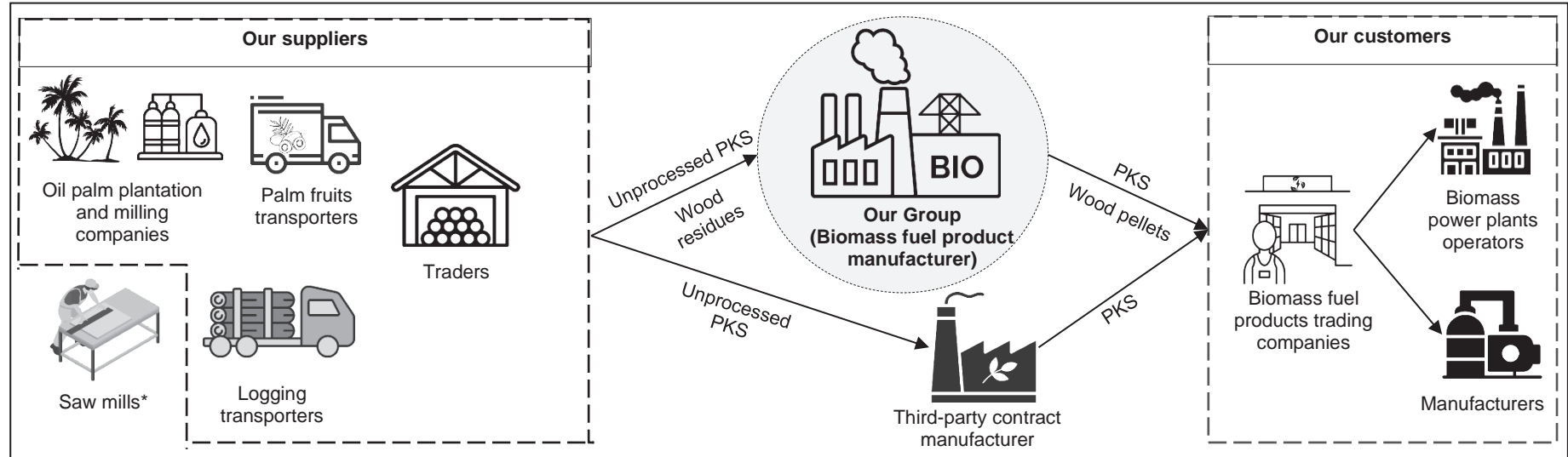
We primarily process our biomass fuel products at our Port Klang Factory. This eases transportation of our products to Port Klang to facilitate exports of our products to our foreign customers. We also engage a third-party contract manufacturer namely MBSB, to manufacture PKS based on our specifications, and their factory is located in Kuantan, Pahang. Pursuant to the terms of contract between our Group and the third-party contract manufacturer, they have undertaken and represented to us that they have and will maintain all necessary licences, permits and approvals to carry out the manufacturing work and will comply with all applicable legal and regulatory requirements.

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


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7. BUSINESS OVERVIEW (CONT'D)

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



Notes:

- (1)  Denotes our Group's role
- (2) * During the Financial Years/Period Under Review, we have not procured our raw materials directly from saw mills as logging transporters were able to provide wood residues at the quantity we require and provide delivery services for these wood residues to our Port Klang Factory

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7. BUSINESS OVERVIEW (CONT'D)

7.1.2 Ownership and group structure

In July 2011, Yeo Hock Choon @ Mark Yeo, who is the cousin of our Group's Promoter, Executive Director and CEO, Yeo Hock Cheong, and Loh Mun Wah incorporated BESB, holding 50.0% equity interest respectively.

In September 2014, WWW Growth Sdn Bhd acquired 75.0% equity interest in BESB for a purchase consideration of RM700,000, and Benjamin Teo Jong Tian subsequently acquired 55.0% equity interest from WWW Growth Sdn Bhd in October 2015 for a purchase consideration of RM770,000.

Yeo Hock Cheong subsequently acquired 75.0% equity interest in BESB from its shareholders at the time, i.e. WWW Growth Sdn Bhd and Benjamin Teo Jong Tian, in March 2018 for a total an aggregate purchase consideration of RM2.10 million, while Yeo Hock Choon @ Mark Yeo continued to hold the remaining 25.0% equity interest. The remaining 25.0% equity interest was then acquired by Datin Cheah Lay Fong in December 2018 for a total purchase consideration of RM1.00 million.

In June 2020, BEH acquired 16.0% and 4.0% equity interest in BESB from Yeo Hock Cheong and Datin Cheah Lay Fong respectively for a nominal consideration to recognise and award Teoh Soon Tek for his contribution to BESB. Teoh Soon Tek was the sole director and shareholder of BEH during the time of the acquisition.

In December 2022, Yeo Hock Cheong entered into a share sale agreement with Mikro MSC to dispose 10.0% of his equity interest in BESB for a purchase consideration of RM22.50 million, which was fully satisfied via cash. The disposal price was arrived at on a "willing-buyer willing-seller" basis based on the internal evaluation by the Mikro MSC's management on the historical resilient performance of BESB during COVID-19 period, the financial projections of BESB and the future prospects of the energy industry. The transfer of 700,000 BESB Shares was made in two (2) tranches on 13 March 2023 (4.0% equity interest in BESB) and 21 June 2023 (6.0% equity interest in BESB) pursuant to the terms of the share sale agreement.

In April 2023, Datin Cheah Lay Fong entered into a share sale agreement with Quantum Nova Fund Ltd (a company incorporated in Labuan, Malaysia) to dispose her entire 21.0% equity interest in BESB for a cash consideration of RM47.25 million, which was fully satisfied via cash. The disposal price was arrived based on the total valuation of the entire share capital of BESB amounting to the sum of RM225.0 million mirroring the valuation of BESB as per the transaction between Yeo Hock Cheong and Mikro MSC in December 2022 above. The transfer of BESB shares was made on 2 May 2023. The acquisition of the aforementioned BESB Shares was made by Quantum Nova Fund Ltd on behalf of each of the Foreign Selling Shareholders by way of an investment agreement with the respective Foreign Selling Shareholder, all dated 28 February 2023 (collectively, "**Investment Agreements**").

In June 2023, Teoh Soon Tek disposed his entire equity interest in BEH (which holds 20.0% equity interest in BESB) to SJR Holdings for a cash consideration of RM6.6 million. The disposal price was arrived on a willing-buyer willing-seller basis.

In January 2024, Quantum Nova Fund Ltd transferred its entire 21.0% equity interest in BESB to the respective Foreign Selling Shareholders whom invested in BESB via the Investment Agreements. Following the transfer, Koh Xian Kai, Steven Djunaidi and Ang Kian Siong (Hong Jianqiang) hold 4.6% equity interest in BESB respectively, whereas Almuhaysini Ali Abdullah and Cao Yu hold 3.6% equity interest in BESB respectively.

Following the completion of the Acquisition, the shareholders of BESB emerged at EEHB's level to facilitate our Listing, where BESB became wholly-owned subsidiary of EEHB.

7. BUSINESS OVERVIEW (CONT'D)

7.1.3 Business and expansion

The history of our Group began in 2011, when BESB was incorporated by Yeo Hock Choon @ Mark Yeo and Loh Mun Wah. At the time, Yeo Hock Choon @ Mark Yeo was the director and was in charge of BESB's strategic direction and business development. The headquarters was then located in Petaling Jaya, Selangor and the factory was located in Port Klang, Selangor.

BESB secured its first order of biomass fuel products in 2012 when it sold PKS to a local customer based in Malaysia. BESB began to export PKS when it secured an order to supply PKS to a company based in Japan in 2013. It also secured its first order of wood pellets in 2013 from a local customer based in Malaysia. During that time, BESB sold PKS and wood pellets on a small-scale basis.

In 2015, BESB set up its present Port Klang Factory. In the same year, BESB obtained the PEFC certification which indicated it has the capability to manufacture wood pellets using wood residues that were sustainably sourced. BESB also obtained the Green Label Certification which recognises that it has the capability to manufacture wood pellets that are recognised as environmentally friendly products and allows it to use "MyHIJAU" mark on wood pellets in 2016.

Recognising the potential of the biomass fuel market, our Group's Promoter, Executive Director/CEO, Yeo Hock Cheong invested in BESB and took over Yeo Hock Choon @ Mark Yeo's role in March 2018.

BESB later began to secure orders from other countries when it secured its first order of wood pellets from Singapore in 2018. BESB secured its first large contract with a customer based in Japan, to supply 30,000 MT of PKS per annum over a period of five (5) years since 2019. BESB also began to secure orders from other international markets when it secured its first order for PKS from a company based in Indonesia in 2019 and its first order for PKS from a company based in China in 2020. Further, BESB secured its first order of wood pellets from South Korea in 2021.

Yeo Hock Cheong saw the need to enhance the manufacturing process for PKS in order to cater for international requirements and the needs in terms of reducing impurities content. BESB thus enhanced the existing PKS production line with its proprietary PKS process, which is a process to manufacture PKS which can reduce impurities and separate the useful PKS from smaller particles such as tiny stones and fibres. This PKS process was successfully patented since 2022.

In 2023, BESB obtained the Green Gold Label certification, which endorses that it has the capability to manufacture PKS produced from raw materials that have been sourced from oil palm plantation and milling companies that have been sustainably managed and are in compliance with the feed-in tariff scheme introduced by Ministry of Economy, Trade and Investment of Japan. We have completed our first shipment of Green Gold Label certified PKS to a customer based in Japan in first quarter of 2024.

In order to expand its production capacity for PKS, BESB converted its Kapar Factory from a warehouse into a factory and warehouse which commenced operation on 18 June 2024. This increased its production capacity from 720,000 MT per year to 960,000 MT per year.

BESB has also been awarded with SME100 Malaysia Fast Moving Companies Awards 2020 by SME Magazine in 2020, and the Biomass Industry Achievement Award by Malaysia Biomass Industries Confederation in 2023. These recognitions are testament to our Group's established industry reputation.

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7. BUSINESS OVERVIEW (CONT'D)

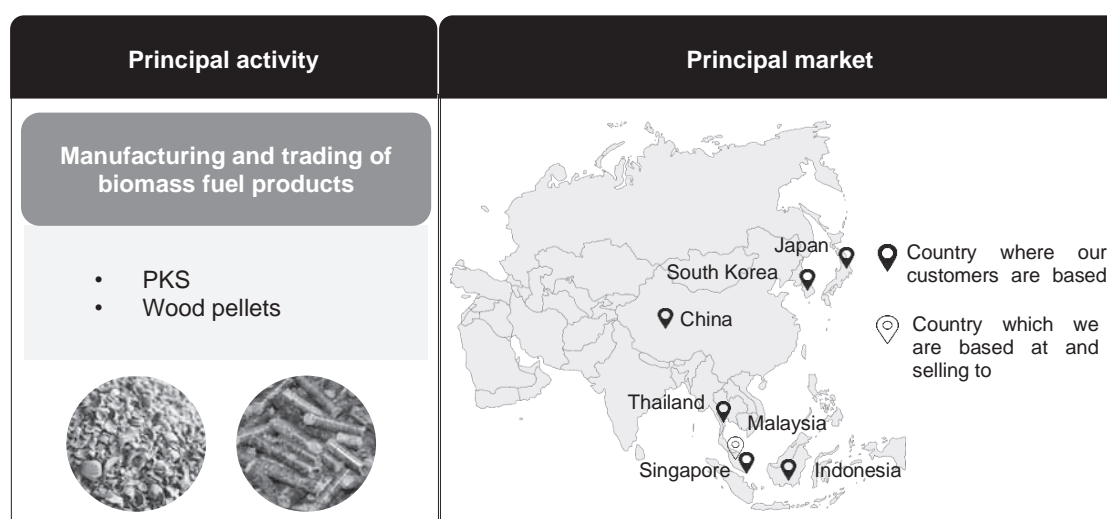
The table below sets out the key events and milestones in the history and development of our business:

Year	Milestones
2011	<ul style="list-style-type: none"> BESB was incorporated
2012	<ul style="list-style-type: none"> Secured first order of PKS from local customer based in Malaysia
2013	<ul style="list-style-type: none"> Began to export PKS to a customer based in Japan Secured first order of wood pellets from local customer based in Malaysia
2015	<ul style="list-style-type: none"> Set up our present Port Klang Factory Obtained the PEFC certification for wood pellets
2016	<ul style="list-style-type: none"> Obtained the Green Label Certification for wood pellets
2018	<ul style="list-style-type: none"> Secured first order of wood pellets from customer based in Singapore
2019	<ul style="list-style-type: none"> Secured first large contract from customer based in Japan to supply 30,000 MT of PKS per annum over a period of five (5) years Secured first order of PKS from customer based in Indonesia
2020	<ul style="list-style-type: none"> Secured first order of PKS from a customer based in China Awarded the SME100 Malaysia Fast Moving Companies Awards 2020 by SME Magazine
2021	<ul style="list-style-type: none"> Secured first order of wood pellets from customer based in South Korea
2022	<ul style="list-style-type: none"> The proprietary PKS process was successfully patented
2023	<ul style="list-style-type: none"> Obtained Green Gold Label certification for PKS Awarded the Biomass Industry Achievement Award by Malaysia Biomass Industries Confederation
2024	<ul style="list-style-type: none"> Completed first shipment of Green Gold Label certified PKS Set up Kapar Factory

7.2 PRINCIPAL ACTIVITIES

Our Group is principally involved in the manufacturing and trading of biomass fuel products, particularly PKS as well as wood pellets.

The following diagram illustrates our business model:



7. BUSINESS OVERVIEW (CONT'D)

We manufacture our biomass fuel products, i.e. PKS and wood pellets at our Port Klang Factory. Our Port Klang Factory is equipped with six (6) PKS production lines that collectively have an annual manufacturing capacity of 720,000 MT of PKS as at FPE 2024. As at the LPD, we have also set up our Kapar Factory which is equipped with two (2) production lines to manufacture PKS. Our Kapar Factory has an annual manufacturing capacity of 240,000 MT.

Our PKS production lines at our Port Klang Factory and Kapar Factory utilise our proprietary PKS process to remove impurities and separate the useful PKS from smaller particles such as tiny stones during our PKS manufacturing process. This allows us to ensure that our PKS have low levels of impurities present (1% or less in terms of impurities content). We can also control the moisture levels in our PKS to meet our customers' requirements.

We also manufacture wood pellets at our Port Klang Factory. We have one (1) wood pellet production line at our Port Klang Factory that has a capacity of 36,000 MT per annum as at FYE 2023. However, in January 2023, we temporarily ceased the operation of our wood pellet production line as there was a need to replace a key machinery part, namely shaft and die head, in the production line. This key machinery part needed to be replaced as the continuous usage of the wood pellet production line without replacement of this machinery part will further damage the wood pellet production line. We took approximately four (4) months to identify the specific key machinery part to be replaced and the replacement machinery part is estimated to take nine (9) months to arrive. The protracted time taken in identifying and acquiring the replacement parts is mainly due to the original manufacturer of the machinery ceasing operations in FYE 2023. We engaged a local specialist to identify the issue and then proceeded to have the necessary parts custom-made. We are expected to take an additional one (1) to two (2) months to reinstall and test the production line.

As we are unable to manufacture wood pellets in-house during FYE 2023 and FPE 2024, all of our wood pellets sold were traded in FYE 2023 and FPE 2024. For the Financial Years/Period Under Review, our customers did not require the wood pellets sold to be certified with PEFC or Green Label certification. The wood pellet production line is expected to resume by second half of 2024, after which we will resume our wood pellet manufacturing. Nevertheless, should the demand from our customers be higher than our production capacity, we may continue to engage in trading of wood pellets.

Our Port Klang Factory is strategically located near the Port Klang, Selangor, which is one of the busiest ports in Malaysia. As our revenue from foreign customers contributed between 35.66% and 94.99% of our total revenue during the Financial Years/Period Under Review, the strategic location of our Port Klang Factory will ease transportation of our biomass fuel products to Port Klang to be exported to our foreign customers.

In addition, we also outsourced manufacturing of 19,695 MT of PKS which represented approximately 3.7% of total annual PKS volume sold, to a third-party contract manufacturer based in Kuantan, Pahang in FYE 2023. Outsourcing PKS manufacturing to the third-party contract manufacturer in Kuantan, Pahang allowed us to gain exposure in carrying out manufacturing activities in Kuantan, Pahang, which is near to the oil palm plantation and milling companies for raw materials, without incurring high capital expenditure. The third-party contract manufacturer namely MBSB, manufactures our PKS based on our specifications, using raw materials procured by us. The contract term with MBSB is for a duration of twelve (12) months with an option to renew for a further period of twelve (12) months. However, as we do not share our proprietary PKS process with the third-party contract manufacturer, the PKS manufactured by them generally are not able to meet the specifications of our in-house manufactured PKS in terms of impurities content and moisture level. Nevertheless, we will carry out quality control processes prior to delivery of the PKS and if required by our customer, appoint a third-party surveyor to perform a final QC inspection before releasing the shipment to customers, as elaborated in Section 7.7 of this Prospectus. These products are delivered to Kuantan port for export to foreign customers or collected by our customers from the warehouse in Kuantan.

There is no outsourced of manufacturing of PKS or wood pellets for the FYE 2021, FYE 2022 and FPE 2024.

7. BUSINESS OVERVIEW (CONT'D)

We source our raw materials, which are unprocessed PKS and wood residues (such as saw dusts, wood chips and offcuts) from a network of local and international suppliers. For unprocessed PKS, we procure from local and international suppliers such as traders, oil plantation and milling companies and palm fruits transporters. We have supply contracts with most of these unprocessed PKS suppliers where our suppliers will supply a specified volume of unprocessed PKS to us throughout the time period specified in the contract (Please refer to Section 7.22.3 for further details of our supply contract with our major supplier).

Meanwhile, we source wood residues from local suppliers such as traders and logging transporters. The procurement of wood residue is not under any supply contract, but rather will be procured from time to time depending on demand.

We have the capability to manufacture biomass fuel products with the following key certification and endorsement:

- PEFC certification for our wood pellets – depending on our customers' requirements, we can manufacture PEFC certified wood pellets. Wood pellets are PEFC certified if they have been manufactured using wood residue sourced from suppliers that have complied to the PEFC guidelines. This is to indicate that the products were produced from wood residues sourced from forests that have been sustainably managed;
- Green Gold Label for our PKS – which endorses that the PKS were produced from raw materials that have been sourced from oil palm plantation and milling companies that have been sustainably managed; and
- Green Label Certification – which recognises that the wood pellets are environmentally friendly products. The Green Label Certification will allow us to use “MyHIJAU” mark on the wood pellets.

Further information on the abovementioned certifications are described in the Glossary of Technical Terms and Section 7.7 of the Prospectus.

For the Financial Years Under Review, our customers did not request Green Gold Label certified for the PKS sold, nor did they require PEFC or Green Label certification for the wood pellets sold. Although many of our customers did not require our products to be certified with the above certification during the Financial Years Under Review, these certifications will enable us to meet customers' requirements if they require products that have been certified. As some foreign customers, particularly customers in Japan, may require the abovementioned certifications in order to enjoy tax incentives and benefits from their local government, these certifications and endorsements will enable us to meet these requirements and export our products to these foreign customers. For example, Green Gold Label certification endorses that our PKS are in compliance with the feed-in tariff scheme introduced by Ministry of Economy, Trade and Investment of Japan. We have completed our first shipment of Green Gold Label certified PKS to a customer based in Japan in first quarter of 2024.

Further, these certification and endorsement also allow us to gain visibility in local and international markets. Biomass fuel products that have been certified generally command a slight premium but it is not assured as pricing is determined based on a number of factors including negotiations with the customers, demand and supply for the products and the availability of raw materials.

Biomass fuel products are manufactured and stored at our Port Klang Factory and Kapar Factory, before it is either collected by our customers or delivered to our customers' premises or our bonded warehouse in Port Klang while awaiting to be exported to foreign customers. PKS manufactured by our third-party contract manufacturer will be stored in their warehouse in their factory in Kuantan, before it is delivered to the Kuantan Port to be exported to customers or collected by our customers.



7. BUSINESS OVERVIEW (CONT'D)

All deliveries within Peninsular Malaysia, i.e. delivery of our biomass fuel products to our bonded warehouse in Port Klang, to Kuantan Port and to customers located in other regions in Malaysia, are undertaken by third-party logistics companies. Meanwhile, the delivery of biomass fuel products from our Port Klang Factory, bonded warehouse or Kuantan Port to foreign customers will be handled by freight forwarders appointed by the customers.

Our customers mainly consist of biomass fuel product trading companies. We engage in long-term contracts with some of our customers for more than three (3) years. The contracts outline, among others, the minimum quantity required to supply, the specifications and timeframe to supply the products, and the pricing of the products. Please refer to Section 7.22.1 to Section 7.22.2 for further details on these contracts.

7.3 PRODUCTS

Our products are as follows:

Products	Description
<p>PKS</p> 	<p>PKS are biomass fuel products produced from the shell fractions left after oil is extracted from palm kernels, which are by-products produced during the palm oil milling process.</p> <p>We are able to manufacture PKS with the following specifications ⁽¹⁾:</p> <ul style="list-style-type: none"> • Total moisture level: 16.0% – 20.0%; • High calorific values: 3,800 kcal/kg – 4,000 kcal/kg; • Low ash volume: 3.0% – 7.0%; • Low sulphur volume: 0.01% – 0.05%; • Low sodium volume: 0.01% – 0.05%; • Low potassium volume: 0.10% - 0.15%; and • Low impurities content: <1.0%. <p>We can manufacture PKS based on the moisture level requested by our customers. We can also minimise presence of bad odours and contaminants from our products such as bacteria, germs, insect sludge, fungi and ammonia that are present in the biomass fuel products that can impact the quality of the products.</p>
<p>Wood pellets</p> 	<p>Our wood pellets are in the form of cylindrical pellets.</p> <p>We can manufacture wood pellets based on the moisture level requested by our customers.</p> <p>We are able to manufacture wood pellets with the following specifications⁽¹⁾:</p> <ul style="list-style-type: none"> • Total moisture level: 7.0% – 20.0%; • High calorific value: 4,000 kcal/kg – 4,600 kcal/kg; • Low ash volume: 1.0% – 3.0%; • Low sulphur volume: 0.01% – 0.10%; • Low chlorine volume: 0.01% – 0.10%; and • Durability (indicating the likelihood of the wood pellets maintaining their structure): 98.0% – 99.0%.

Note:

(1) *The characteristics analysis of the products was conducted by third-party surveyor and might vary from time to time.*

Our products are packaged in different packaging formats, i.e. containers, jumbo bags or in loose form, depending on the products and customer's requirements.

7. BUSINESS OVERVIEW (CONT'D)

7.4 PRINCIPAL MARKETS AND SEGMENTS

Our principal markets are Malaysia and international countries including Indonesia, Japan, Singapore, China and South Korea. The breakdown of our revenue according to geographical markets for the Financial Years/Period Under Review are as follows:

Countries ⁽¹⁾	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	74,063	64.34	67,290	46.59	16,807	5.01	8,021	6.82
Singapore	9,411	8.18	22,706	15.72	105,182	31.37	55,996	47.59
Indonesia	-	-	30,350	21.01	119,545	35.66	37,113	31.54
Japan	17,901	15.55	24,094	16.68	86,985	25.95	16,527	14.05
Thailand	-	-	-	-	6,732	2.01	-	-
China	12,410	10.78	-	-	-	-	-	-
South Korea	1,329	1.15	-	-	-	-	-	-
Total	115,114	100.00	144,440	100.00	335,251	100.00	117,657	100.00

Note:

(1) Revenue breakdown by geographical markets is based on country of incorporation of the customers.

Our Group's revenue is mainly derived from the manufacturing of PKS. The breakdown of our Group's segmental revenue by principal activities for the Financial Years/Period Under Review are as follows:

Principal activities	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing of PKS	104,764	91.01	144,398	99.97	⁽¹⁾ 290,171	86.55	97,990	83.28
Manufacturing and trading of wood pellets	10,350	8.99	42	0.03	45,080	13.45	19,667	16.72
Total	115,114	100.00	144,440	100.00	335,251	100.00	117,657	100.00

Note:

(1) In FYE 2023, we outsourced manufacturing of 19,695 MT of PKS which represented approximately 3.7% of total annual PKS volume sold, to a third-party contract manufacturer based in Kuantan, Pahang. There is no outsourced manufacturing of PKS or wood pellets for the FYE 2021, FYE 2022 and FPE 2024.

7. BUSINESS OVERVIEW (CONT'D)

7.5 PRINCIPAL PLACE OF BUSINESS AND LOCATION OF OPERATIONS

Our Group's manufacturing activities are carried out at our Port Klang Factory and Kapar Factory. The Port Klang Factory has six (6) PKS production lines and one (1) wood pellet production line while the Kapar Factory has two (2) PKS production lines.

The following pictures illustrate our Port Klang Factory:



Entrance of Port Klang Factory



PKS production line



Wood pellet production line

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7. BUSINESS OVERVIEW (CONT'D)

Our Group operates at the following locations:

Facilities	Main function	Location of facilities
Headquarters	Management office	61-2, Jalan Radin Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur
Office	Meeting room	57-1, Jalan Radin Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur
Port Klang Factory	Production factory and warehouse for biomass fuel products	Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor
Kapar Factory	Production factory and warehouse for biomass fuel products	Lot 6466, Lorong Sungai Puloh, Batu 6, Jalan Kapar, 42100 Klang, Selangor
Bonded warehouses	Warehouse for biomass fuel products	<ul style="list-style-type: none"> • Warehouse A3, Southpoint, Northport, 42000 Port Klang, Selangor • Warehouse A5, Southpoint, Northport, 42000 Port Klang, Selangor

7.6 BUSINESS PROCESSES

Our operational process flow is as follows:



(a) Receipt of enquiry from a prospective customer

Upon receipt of enquiry from a prospective customer, the customers and/or end-users, we will first understand the requirements and usage of the end-users. This includes understanding the type of biomass fuel product needed, weight and volume required, moisture level and timeframe for delivery. Based on this information, we will submit our proposal to the prospective customer for evaluation. Thereafter, the prospective customers and/or end-users of the biomass fuel product trading companies, such as manufacturers and biomass power plants operators, may conduct a site visit at our Port Klang Factory and Kapar Factory.

Once the purchase is confirmed, we may sign a long-term contract with or receive a purchase order from, the prospective customers. In general, these contracts outline among others, supply duration, minimum supply quantity, specification of PKS to be delivered and termination clauses. We may also receive a purchase order for the purchase of our biomass fuel products.

7. BUSINESS OVERVIEW (CONT'D)

(b) Procurement of raw materials

Our raw materials mainly consist of unprocessed PKS and wood residue. Based on customers' requirements on wood residue in terms of calorific value, ash, sulphur and chlorine volume, we will source the appropriate type of wood. The volume of ash, sulphur, sodium and potassium in unprocessed PKS are pretty standard and thus, we do not have to source specific types of PKS.

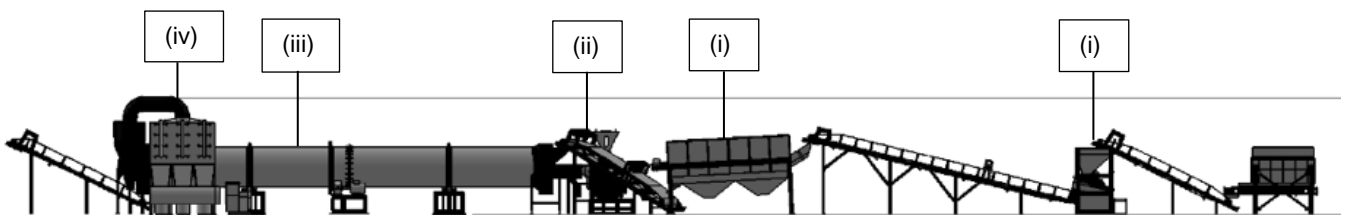
Based on the customer purchase orders or contract, we are able to project the quantity of products to be produced. Our production schedule is thus planned on a monthly basis. With the planning schedule, our procurement personnel will check our inventory to ascertain whether we have sufficient raw materials. Should there be insufficient raw materials, our procurement personnel will arrange to procure the necessary raw materials from our suppliers.

We source unprocessed PKS mainly from suppliers such as traders, oil palm plantation and milling companies and palm fruits transporters, and wood residue from traders and logging transporters. We have supply contracts with most of our suppliers for the supply of a specified volume of unprocessed PKS for a specified time period. However, we do not sign any supply contracts with our suppliers for the supply of wood residue.

Upon receipt of raw materials, our operations personnel will first perform the necessary inspections on the supplies. This includes visually observing the moisture and impurity levels of unprocessed PKS to determine the appropriate screening process.

(c) Production

PKS



(i) Screening to remove large non-PKS material

The unprocessed PKS will first undergo a screening process where large impurities such as big stones, bricks, fibres, mud and wood logs will be removed using a filtering unit. If required, the unprocessed PKS will then be fed into another filtering unit to further remove remaining large impurities such as big stones, bricks, fibres, mud and wood logs. The removal of large impurities will improve the efficiency of subsequent processing steps.

(ii) Drying

If required, the screened PKS will be moved to a dryer unit to reduce its moisture level as per the customer's requirement. Lower moisture levels will minimise presence of bacteria, germs, insect sludge, fungi and ammonia in the PKS and increase calorific values of the PKS.

(iii) Magnetic and stone removal

If required based on the specifications of the PKS requested by the customer, the unprocessed PKS will undergo another screening process where a magnetic filtering unit is used to remove metal impurities. Thereafter, the

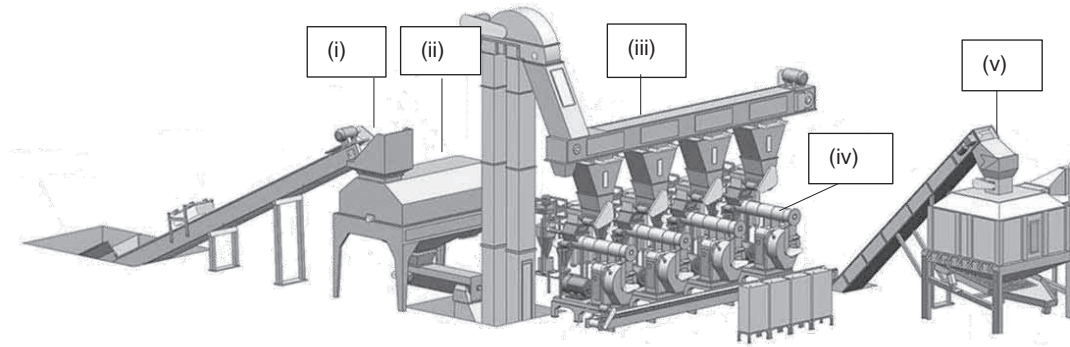
7. BUSINESS OVERVIEW (CONT'D)

unprocessed PKS will also go through our stone removal unit to remove the smaller particles such as tiny stones, if it is required based on the specifications of the PKS requested by the customer.

(iv) Dust removal

If required, the PKS will be moved to a dust removal unit to remove finer dust particles using suction from the PKS.

Wood pellets



(i) Chipping

The wood residues, particularly the wood chips and offcuts will go through drum chipper machine to break into smaller pieces before sending them into filtration plates to further separate into different sizes.

(ii) Preliminary screening

Then, the wood residues will be moved to screening units to remove any foreign materials, residues and impurities such as small stones and debris.

(iii) Drying

The wood residues will be dried using a dryer to reduce the moisture level. The moisture level of wood pellets will be adjusted based on customer's requirements.

(iv) Sizing and pelleting

The screened wood residues will then be fed into hammer mill to reduce the size into uniform particles size of 5 millimetres for pelleting. Thereafter, sawdust will be added to the wood residue and they will be sent to pellet mills' rollers to further compress and make small holes to form wood pellets. The wood pellets will then be cut into the required pellet length.

(v) Cooling

As the newly formed wood pellets are hot and soft, they will be cooled down using cooler to help solidify and maintain their shape.

The wood pellets, once cooled, will then undergo another screening process to further remove any remaining residues and impurities.

7. BUSINESS OVERVIEW (CONT'D)

(d) Packaging and delivery

A final QC inspection will be carried out by our operations personnel before packaging. The details of QC activities are elaborated in Section 7.7 of this Prospectus. The finished products will be packed in their respective packaging format (i.e. container, jumbo bags or loose form), based on the type of products and customer requirements.

After packaging, the products will be loaded onto the truck and weighed using a weighbridge before delivery.

As at the LPD, the delivery of finished products is carried out via the following means:

- For customers in Malaysia, our customers will arrange to pick up our products from Port Klang Factory, Kapar Factory or from our third-party outsourced manufacturer in Kuantan, Pahang;
- For foreign customers, we have the following arrangements:
 - o Customers may choose to arrange for our products to be picked up from our Port Klang Factory, Kapar Factory or from our third-party outsourced manufacturer's factory – these customers will arrange for a freight forwarder to pick up our products from our factory or from our third-party outsourced manufacturer's factory;
 - o Customers may choose to arrange for our products to be picked up from our bonded warehouse in Port Klang – In such instances, we will arrange for delivery from our Port Klang Factory and Kapar Factory to our bonded warehouse using a third-party logistics company. At our bonded warehouse, we will arrange for a port stevedore to handle the loading of the products onto the ship. Thereafter, our customers' appointed freight forwarder will handle the transportation of the products; or
 - o Customers may choose to arrange for our products to be picked up from the Kuantan port – In such instances, we will arrange for delivery from our outsourced contract manufacturer's factory to the Kuantan port. At Kuantan port, we will arrange for a port stevedore to handle the loading of the products onto the ship. Thereafter, our customers' appointed freight forwarder will handle the transportation of the products.

If required, our customer may arrange for a third-party surveyor to perform final QC inspection, before our products are delivered to or collected by our customers.

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7. BUSINESS OVERVIEW (CONT'D)

7.7 QC

QC is an important aspect of our business as it ensures that supplies sourced and products sold are of high quality and meets the required standards. We have the capability to manufacture biomass fuel products that comply with the following standards:

Standard/ Certificate	Certification body	Issuance date / Expiry date	Scope / Description of certification
PEFC	SGS Malaysia	27 May 2015 / 26 May 2027 The renewal cost of this certification is approximately RM10,000 with annual audit cost ranging from RM9,000 to RM11,000 ⁽¹⁾	Purchase of PEFC certified wood pellets, wood grain, wood powder, wood chips and wood wastes (slabs, off-cuts, sawdust), manufacture, and sales of PEFC certified wood pellets, wood grain, wood powder and wood chips.
Green Label Certification	Malaysian Green Technology Corporation	31 May 2016 / 26 May 2027 The renewal cost of this certification is approximately RM500 ⁽¹⁾	Recognition of BESB's wood pellets as an environmentally friendly products and also allow BESB to use "MyHIJAU" Mark on the wood pellets.
Green Gold Label	Control Union Certifications B.V.	3 January 2023 / 2 January 2028 The renewal cost of this certification is approximately RM40,000 to RM45,000 with annual audit cost of RM41,000 ⁽¹⁾	Certification of BESB's products as an accepted source of biogenic waste/residues under Green Gold Label scheme requirements.

Note:

(1) The disclosed fees (renewal cost and/or audit cost) are subject to changes by the certification body.

Further information on the abovementioned certifications is described in the Glossary of Technical Terms.

These certifications endorse that the raw materials can be sourced from sustainable sources. We ensure that our raw materials are sourced from sustainable sources by procuring raw materials ultimately from suppliers with certification schemes that denote they are sustainable such as the Roundtable on Sustainable Palm Oil (RSPO), Malaysian Sustainable Palm Oil (MSPO), International Sustainability & Carbon Certification (ISCC), Roundtable on Sustainable Biomaterial (RSB) and PEFC saw mills.

7. BUSINESS OVERVIEW (CONT'D)

There will be minimal impact on our Group should there be any failure to renew any of the abovementioned certifications as our customers have not required our products to be certified with the above certifications during the Financial Years/Period Under Review. Given that we expect that more foreign customers, particularly customers in Japan, may require our products to be Green Gold Label certified in the future in order to be in compliance with the feed-in tariff scheme introduced by Ministry of Economy, Trade and Investment of Japan, we will still have existing customers that do not require our products to be certified with the abovementioned certifications.

Additionally, we undertake the following QC measures to ensure product safety and quality:

(a) In-house QC

In order to maintain our product quality, our operations personnel undertake the following QC activities:

Process flow	QC activities
Procurement of raw materials	<p>Upon receipt of raw materials, we will perform visual inspection during the offloading of goods to check for large impurities as well as inspect the moisture levels of the raw materials to determine the appropriate screening process.</p> <p>In the event where there are a lot of impurities, our operations personnel will inform our procurement personnel to either reject or negotiate with the supplier for a discount.</p>
Production	Once the finished products are ready, we will conduct visual inspection on the quality of the products in terms of impurity and moisture levels.
Delivery	<p>If required, we may perform fumigation to minimise possible contaminants.</p> <p>After packaging, the following activities will be conducted on the finished products:</p> <ul style="list-style-type: none"> containers and jumbo bags are examined to ensure that they are well packaged; weight of the shipment will be checked using a weighbridge to ensure they meet the specifications prior to leaving our Port Klang Factory; for shipments handled by freight forwarder, the products will be weighed after it is loaded onto the ship and a certificate of weight will be issued in respect of the shipment. Our operations personnel will oversee this process together with the stevedore to ensure that the quantity in the shipment is as per our customers' purchase order or contract specifications.

(b) Selection of suppliers

We place strong emphasis on the selection of our suppliers comprising traders, oil palm plantation and milling companies, palm fruit transporters, and logging transporters. For our wood pellets that are PEFC certified, we will source from suppliers who are certified with PEFC.

For our PKS that have the Green Gold Label, we source raw materials that have been derived from oil palm plantation and milling companies that have been sustainably managed as well as palm fruit transporters and traders that have been certified with Green Gold Label.

7. BUSINESS OVERVIEW (CONT'D)

(c) Third-party surveyor

If required by our customer, we may appoint a third-party surveyor that has been approved by our customer to perform final QC inspection before releasing the shipment to the customers. This is a common practice for our customers based in Japan. Once the finished products reach our bonded warehouse at Port Klang, the third-party surveyor will obtain some samples to test for moisture, impurities and calorific levels as well as ash, sulphur, sodium, potassium and chlorine volume, and ensure other specifications required by the customer are fulfilled.

In the event where the quality of our PKS does not meet the customer's specifications, our operations personnel will re-process the PKS in order to rectify the issue and the third-party surveyor will collect samples to perform the analysis. However, in the event where the quality of our wood pellets does not meet the customer's specifications, our operations personnel will have to first identify the issue and manufacture another batch of wood pellets. The third-party surveyor will then collect samples of the wood pellets to perform the analysis. Since incorporation till the LPD, we have not experienced any instances where the quality of our PKS and wood pellets have not met customers' specifications.

7.8 BUSINESS DEVELOPMENT

Our business development activities are carried out by our business development personnel. We have adopted the following strategies for our business development activities:

(a) Participation in industry-related associations

We participate in industry-related associations which allow us to create brand awareness and market presence. These associations also enable us to strengthen our relationships with our suppliers and customers, which allows us to develop further business opportunities for our Group.

The following are the associations that we are involved in as at the LPD:

First membership year	Year of expiry	Association	Purpose of association
2014	2024 ⁽¹⁾	Malaysia Biomass Industries Confederation	A non-profit organisation served to develop the biomass industries in Malaysia through strategic partnership with biomass small-medium-enterprises and major feedstock owners as well as research institutes and international bodies.
2018	June 2025	Malaysian Timber Industry Board	A statutory body under the Ministry of Plantation and Commodities which is responsible for initiating development of the various sectors of the timber industry and providing technical, marketing and other forms of assistance to ensure their continued growth within a rapidly industrialising Malaysian economy.

Note:

(1) The renewal application for membership in Malaysia Biomass Industries Confederation will be submitted by December 2024 prior to its expiry.

7. BUSINESS OVERVIEW (CONT'D)

Our membership in the above industry-related associations primarily serve as platforms for networking with industry peers and as channels for marketing purposes only. As such, there will be minimal impact on our Group should there be any failure to renew any of the membership in the abovementioned industry-related associations.

(b) Participation in events and exhibitions

In order to further enhance our visibility, we have participated in various events, conferences and exhibitions organised by associations and government agencies. These events and exhibitions provide us the opportunity to showcase our products and capabilities to attract prospective customers while keeping up-to-date with latest trends and developments in biomass fuel product manufacturing.

The exhibitions that we have participated in the past FYEs are as follows:

Date	Name	Organiser	Location
July 2021 – December 2021	International Greentech & Eco Products Exhibition and Conference Malaysia 2021	Malaysia Green Technology and Climate Change Corporation	Online
October 2023	International Greentech & Eco Products Exhibition and Conference Malaysia 2023	Ministry of Natural Resources, Environment and Climate Change	Kuala Lumpur
December 2023	National Biomass Conference 2023	Malaysia Biomass Industries Confederation	Putrajaya

(c) Referrals from existing customers

Over the years, we have established a network of past and existing customers comprising 27 customers during the Financial Years/Period Under Review. These customers routinely refer new business to us by ‘word of mouth’ due to our proven track record of providing quality products. We will continue cultivating and enhancing our business relationship with our customers by continuously maintaining the quality of our products.

(d) Media interviews

As a method to reach out to a larger audience and create more awareness regarding our products, we participate in media interviews. As at the LPD, we have participated in interviews from local news media such as BERNAMA and New Straits Times.

(e) Corporate website

We have established a corporate website at <https://bioeneco.com/> which includes the details of our products as well as the information about our Group. Our corporate website serves as a contact point for prospective customers who have enquiries about our range of products. We also utilise search engine optimisation to increase the visibility of our corporate website on Google search results.

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7. BUSINESS OVERVIEW (CONT'D)

7.9 KEY MACHINERY AND EQUIPMENT

The following are the key machinery and equipment owned and used by us:

Machinery and equipment	Functions	No. of units	Average age (years)	NBV as at 30 April 2024 (RM'000)
PKS production line	PKS processing line which equipped with screening unit, dryer unit, magnetic filtering unit, stone removal unit and dust removal unit	(1)6	5	2,303
Wood pellet production line	Wood pellet palletisations line which equipped with wood chipper machine, screening units, dryer, hammer mill, pellet mills' roller and cooler	1	8	593
Total				2,896

Note:

- (1) The Group currently has 6 production lines at the Port Klang Factory comprising:
- (i) 3 production lines with screening and magnetic filtering units;
 - (ii) 2 production lines with screening, dryer and magnetic filtering units; and
 - (iii) 1 production line with screening, stone and dust removal unit, to cater for different specifications of PKS requested by our customers.

7.10 SEASONAL OR CYCLICAL EFFECTS

We do not experience any seasonality and cyclicity in our business as biomass fuel products are not seasonal or cyclical in nature.

7.11 TYPES, SOURCES AND AVAILABILITY OF MATERIALS

Our main raw materials are unprocessed PKS and wood pellet supplies. The following are the types of raw materials that we purchased in Financial Years/Period Under Review:

Raw materials	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	(1)%	RM'000	(1)%	RM'000	(1)%	RM'000	(1)%
Unprocessed PKS	83,675	91.21	118,047	99.99	251,276	85.86	67,116	79.98
Wood pellet supplies	(2)8,064	8.79	(2)4	0.003	(3)41,391	14.14	(3)16,798	20.02
	91,739	100.00	118,051	100.00	292,667	100.00	83,914	100.00

Notes:

- (1) As a percentage of total cost of purchases.
- (2) Refers to wood residues that were procured for the manufacturing of wood pellets.
- (3) Refers to wood pellets that were procured for the trading of wood pellets.

7. BUSINESS OVERVIEW (CONT'D)

7.12 OPERATIONAL CAPACITIES AND OUTPUT

The production capacity and utilisation rates of our products are as follows:

PKS

The production capacity and utilisation rates for PKS for the Financial Years/Period Under Review are as follows:

	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FPE 2024</u>
Actual volume of products processed (MT)	279,605	353,150	531,813	200,212
Maximum volume of PKS that can be processed (MT) ⁽¹⁾	720,000	720,000	720,000	240,000
Utilisation rate (%)	38.83	49.05	73.86	83.42

Note:

- (1) *Maximum volume of PKS that can be processed is calculated based on the following key assumptions:*
- (a) *There are six (6) production lines;*
 - (b) *The maximum number of operating hours per day is 20 hours; and*
 - (c) *The maximum number of working days is 300 days (for FYE) or 100 days (for FPE), excluding Sundays and public holidays.*

Wood pellets

The production capacity and utilisation rates for wood pellets for the Financial Years/Period Under Review are as follows:

	<u>FYE 2021</u>	<u>FYE 2022</u>	⁽¹⁾ <u>FYE 2023</u>	<u>FPE 2024</u>
Actual number of products processed (MT)	24,257	59	-	-
Maximum volume of wood pellets that can be processed (MT) ⁽²⁾	36,000	36,000	-	-
Utilisation rate (%)	67.38	0.16	-	-

Notes:

- (1) *In January 2023, we temporarily ceased the operation of our wood pellet production line as there was a need to replace a key machinery part, namely shaft and die head, in the production line. No losses were incurred as a result of this temporary closure of our wood pellet production line. We estimate that we will resume the wood pellet production line in August 2024.*
- (2) *Maximum volume of wood pellets that can be processed is calculated based on the following key assumptions:*
- (a) *There is one (1) production line;*
 - (b) *The maximum number of operating hours per day is 20 hours; and*
 - (c) *The maximum number of working days is 300 days (for FYE) or 100 days (for FPE), excluding Sundays and public holidays.*

7.13 RESEARCH AND DEVELOPMENT

We typically do not undertake research or development activities on existing biomass fuel products. Nevertheless, our Executive Director/CEO, Yeo Hock Cheong and COO, Teoh Soon Tek constantly keeps abreast with the latest technological developments for machinery and equipment used in processing biomass fuel products as well as market trends and demand for other types of biomass fuel products. With such accumulated knowledge and understanding of the production process and specific demand requirements for the products, they enhanced the existing PKS production line with proprietary PKS process and this process was patented in 2022 with total cost incurred of RM16,042 for the patent. Please refer to Section 6.7.2 for further details of the patent.

7. BUSINESS OVERVIEW (CONT'D)

7.14 TECHNOLOGY USED OR TO BE USED

As at the LPD, we are utilising the following technology for our business operations:

Technology	Description
PKS process	<p>Our proprietary process which we used to process PKS to biomass fuel products.</p> <p>It is a process which can reduce impurities and separate the useful PKS from small unwanted particles such as tiny stones and fibres.</p> <p>The process mainly comprises the manufacturing of PKS through:</p> <ul style="list-style-type: none"> - screening units to remove large impurities; - a dryer unit to reduce moisture levels which will then minimise presence of bacteria, germs, insect sludge, fungi and ammonia in the unprocessed PKS, and increase calorific values of the PKS; - a magnetic filtering unit to remove metal impurities; - a stone removal unit for removing smaller particles such as tiny stones; and - a dust removal unit for removing finer dust particles using suction.

7.15 EMPLOYEES

As at the LPD, our Group has a total workforce of 39 employees, which consists of 37 local employees and 2 foreign employees. Local employees accounted for approximately 94.87% of total workforce while the remaining 5.13% are expatriate employees. As at the LPD, all our foreign employees have valid working permits.

The breakdown of our employees is as follows:

	Number of employees			
	As at FYE 2023		As at the LPD	
	Local	Foreign	Local	Foreign
Directors and key senior management	5	-	5	-
Accounting and treasury, and finance	5	-	5	-
Business development	1	2	1	2
Operations	13	-	14	-
Human resources and office administration	8	-	7	-
CEO's office	3	-	3	-
Procurement	2	-	2	-
Total	37	2	37	2

As at the LPD, we do not have any contract workers.

None of our employees belong to any labour union and as at the LPD, there is no material dispute between our management and our employees. Over the Financial Years/Period Under Review and up to the LPD, there has not been any incident of work stoppage or labour dispute that has materially affected our operations.

During the Financial Years/Period Under Review and up to the LPD, we have engaged third-party service providers to carry out activities such as cleaning of the premises and managing the inbound and outbound of trucks in our Port Klang Factory and warehouse. The third-party service providers will provide the manpower and resources and we do not manage the employees.

7. BUSINESS OVERVIEW (CONT'D)

Our Group is aware of the importance of retaining our key senior management in order to ensure our Group's success. As such, we have implemented efforts to train our employees and remunerate them accordingly. Our success in the future will also be dependent on our ability to attract and retain skilled personnel.

We have a management succession plan consisting of:

- (i) structured career planning and development;
- (ii) competitive remuneration and employee benefits; and
- (iii) continuous training and development.

Further, our key senior management has clearly defined leadership roles and responsibilities within operations and finance respectively and are able to provide assistance and support to our Executive Directors in order to facilitate the growth of our Group.

As part of our management succession plan, we have implemented processes to groom new management personnel to gradually assume the responsibilities of our key senior management. Our Group's strategy for management continuity is driven by our key senior management who are also in charge of identifying key competencies and recruitment of candidates with knowledge and expertise of our business to enhance operations.

7.16 INTERRUPTION TO BUSINESS AND OPERATIONS

Save for the interruption in our operations arising from the movement restrictions in Malaysia following the outbreak of COVID-19, our Group has not experienced any interruption which has affected our business during the past 12 months preceding LPD.

7.16.1 Impact of COVID-19 on our Group

COVID-19 was declared a pandemic by the Director General of the World Health Organisation on 11 March 2020. Throughout 2020 and 2021, the Government implemented various stages of MCO to curb the spread of COVID-19 pandemic. As a result, our Port Klang Factory was required to be temporarily closed between 18 March 2020 until 4 May 2020, following the announcement of the Government to reopen all economic sectors and businesses during the Conditional Movement Control Order period. During that time, our Port Klang factory was allowed to operate at 50.0% capacity, and employees who are not involved in manufacturing activities worked from home. Subsequently on 9 October 2020, we received approval from Northport to operate at our bonded warehouse.

During the Total Lockdown implemented on 1 June 2021, we received MITI approval to begin operating at our Port Klang Factory with compliance to the Standard Operating Procedure ("SOPs") imposed by the Government. Following this, on 5 July 2021, we received approval from MITI to operate at 60% capacity. Subsequently, we increased our workforce capacity to 80% during National Recovery Plan Phase 2 starting 10 September 2021. We resumed full 100% workforce capacity during National Recovery Plan Phase 4 starting 18 October 2021.

Since Malaysia entered into the "Transition to Endemic" phase beginning 1 April 2022 and "Endemic" phase beginning 1 May 2022, all restrictions limiting the number of employees in a workplace have been uplifted. As such, all of our employees have been able to return to our premises.

7. BUSINESS OVERVIEW (CONT'D)

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

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

During the MCO periods, in order to mitigate delays in incoming inventory as a result of delays in customs clearance and logistic delay due to travel restrictions, we increased our inventory levels. In addition, we experienced higher logistics costs in FYE 2021 and were not able to pass on this cost to our customers.

Despite the abovementioned delays and increase in freight rates, we did not experience material disruption or impact to our operations.

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

Malaysia entered into the "transition to endemic" phase of COVID-19 beginning 1 April 2022, whereby COVID-19 restrictions and SOPs were further relaxed. We did not experience material impact on our operations since the commencement of the "transition to endemic" phase.

7.16.3 Impact of COVID-19 on our financial performance

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

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

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7. BUSINESS OVERVIEW (CONT'D)

7.17 MAJOR CUSTOMERS

Our top five (5) major customers for FYE 2021 to FYE 2023 and FPE 2024 are as follows:

FYE 2021

No.	Customers	Country of operations	Principal activities	Main products sold	Revenue contribution		(2)Length of relationship
					RM'000	(1) %	Years
1.	Cleantop Biomass Sdn Bhd	Malaysia	Trading of biomass products	PKS and wood pellets	24,850	21.59	2
2.	Green Bio World Sdn Bhd	Malaysia	Trading of biomass products	PKS and wood pellets	23,526	20.44	2
3.	Tril Biomass Sdn Bhd	Malaysia	Trading of biomass products	PKS and wood pellets	17,059	14.82	2
4.	Tokyo Sangyo Co., Ltd	Japan	Trading of machinery, construction of power plants and importing and exporting of various products including biomass products	PKS	13,880	12.06	2
5.	Customer A	China	Involved in the power supply business and sale of renewable resources	PKS	12,410	10.78	1
					91,725	79.69	

The major customers contributed 79.69% of our Group's total revenue for FYE 2021. The remaining 20.31% of the total revenue was contributed by 11 customers in FYE 2021.

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7. BUSINESS OVERVIEW (CONT'D)**FYE 2022**

No.	Customers	Country of operations	Principal activities	Main products sold	Revenue contribution		(2)Length of relationship
					RM'000	(1) %	Years
1.	PT. Apac Metal Indonesia	Indonesia	Wholesale trading and manufacturing of metal, gas and trading of biomass	PKS	19,079	13.21	<1
2.	Tokyo Sangyo Co., Ltd	Japan	Trading of machinery, construction of power plants and importing and exporting of various products including biomass products	PKS	15,361	10.63	3
3.	Green Bio World Sdn Bhd	Malaysia	Trading of biomass products	PKS	13,147	9.10	3
4.	Deus Ex Capital Pte Ltd	Singapore	Trading of biomass products	PKS	11,636	8.06	1
5.	PT Orion Apac Indonesia	Indonesia	Trading and export of palm kernel shell	PKS	11,270	7.80	3
					70,493	48.80	

The major customers contributed 48.80% of our Group's total revenue for FYE 2022. The remaining 51.20% of the total revenue was contributed by 10 customers in FYE 2022.

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7. BUSINESS OVERVIEW (CONT'D)**FYE 2023**

No.	Customers	Country of operations	Principal activities	Main products sold	Revenue contribution		⁽²⁾ Length of relationship
					RM'000	⁽¹⁾ %	Years
1.	PT. Apac Metal Indonesia	Indonesia	Wholesale trading and manufacturing of metal, gas and trading of biomass	PKS	93,082	27.76	1
2.	Z & Z SG Pte Ltd	Singapore	Management consultancy and wholesale trading of a variety of goods	PKS and wood pellets	55,192	16.46	2
3.	Deus Ex Capital Pte Ltd	Singapore	Trading of biomass products	PKS	49,989	14.91	2
4.	JFE Shoji Corporation	Japan	Trading of steel, minerals, machinery, chemical and biomass products	PKS	49,476	14.76	2
5.	Tokyo Sangyo Co., Ltd	Japan	Trading of machinery, construction of power plants and importing and exporting of various products including biomass products	PKS	37,509	11.19	4
					285,248	85.08	

The major customers contributed 85.08% of our Group's total revenue for FYE 2023. The remaining 14.92% of the total revenue was contributed by 7 customers in FYE 2023.

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7. BUSINESS OVERVIEW (CONT'D)

FPE 2024

No.	Customers	Country of operations	Principal activities	Main products sold	Revenue contribution		⁽²⁾ Length of relationship
					RM'000	⁽¹⁾ %	Years
1.	PT. Apac Metal Indonesia	Indonesia	Wholesale trading and manufacturing of metal, gas and trading of biomass	PKS	37,112	31.54	1
2.	Z & Z SG Pte Ltd	Singapore	Management consultancy and wholesale trading of a variety of goods	PKS & wood pellets	29,256	24.87	2
3.	Deus Ex Capital Pte Ltd.	Singapore	Trading of biomass products	PKS	26,740	22.73	2
4.	JFE Shoji Corporation	Japan	Trading of steel, minerals, machinery, chemical and biomass products	PKS	10,169	8.64	3
5.	Tokyo Sangyo Co., Ltd	Japan	Trading of machinery, construction of power plants and importing and exporting of various products including biomass products	PKS	6,358	5.40	4
					109,635	93.18	

The major customers contributed 93.18% of our Group's total revenue for FPE 2024. The remaining 6.82% of the total revenue was contributed by 4 customers in FPE 2024.

Notes:

(1) Our Group's total revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 are RM115.11 million, RM144.44 million, RM335.25 million and RM117.66 million, respectively.

(2) Length of relationship is calculated at the end of respective FYEs/FPE.

For the Financial Years/Period Under Review, our Group's top five (5) major customers collectively contributed 79.69%, 48.80%, 85.08% and 93.18% to our Group's total revenue, respectively. Our Group is dependent on Cleantop Biomass Sdn Bhd, Green Bio World Sdn Bhd and PT. Apac Metal Indonesia, Z & Z SG Pte Ltd and Deus Ex Capital Pte Ltd by virtue of their revenue contributions of more than 20% of our Group's total revenue during the respective FYEs and in FPE 2024. Notwithstanding the above, there is no concern on concentration risk associated with any of our Group's major customers as the revenue contribution from the top five (5) major customers are broadly spread among various major customers on a yearly basis. There are 27 customers during the Financial Years/Period Under Review.

7. BUSINESS OVERVIEW (CONT'D)

Although the number of customers declined from 16 customers in FYE 2021 to 12 customers in FYE 2023, our Group's revenue continued to increase from RM115.11 million in FYE 2021 to RM335.25 million in FYE 2023 indicating an increase in volume of orders from the customers in FYE 2023. As our Group's PKS production line was at 73.86% in FYE 2023, and new customers, particularly foreign customers, generally seek for vendors that have sufficient capacity to supply them the volume of PKS they require, we were not able to take on more customers in FYE 2023. Nevertheless, our Group expects to be able to increase the number of customers and reduce the dependency on our major customers in light of our expansion plan to expand our production capacity for PKS (as elaborated in Section 7.20 of this Prospectus).

As tabulated above, our Group's revenue from Cleantop Biomass Sdn Bhd was 21.59% in FYE 2021 and subsequently ceased to be our major customer since FYE 2022. In addition, our Group's revenue from Green Bio World Sdn Bhd reduced from 20.44% in FYE 2021 to 9.10% in FYE 2022, and subsequently ceased to be our major customer in FYE 2023. Meanwhile, PT. Apac Metal Indonesia and Deus Ex Capital Pte. Ltd. appeared as our Group's major customers in FYE 2022, FYE 2023 and FPE 2024. PT Apac Metal Indonesia's revenue contribution increased from 13.21% in FYE 2021 to 27.76% in FYE 2023 and 31.54% in FPE 2024. Deus Ex Capital Pte Ltd revenue contribution increased from 8.06% in FYE 2022 to 14.91% in FYE 2023 and 22.73% in FPE 2024. In addition, the contribution from Tokyo Sangyo Co., Ltd is only at an average of 11.29% for the Financial Years Under Review. Meanwhile, in FPE 2024, the contribution from Tokyo Sangyo Co., Ltd was recorded at 9.07%.

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7. BUSINESS OVERVIEW (CONT'D)

7.18 MAJOR SUPPLIERS

Our top five (5) major suppliers for FYE 2021 to FYE 2023 and FPE 2024 are as follows:

FYE 2021

No.	Suppliers ⁽¹⁾	Country of operations	Principal activities	Main products sourced	Value of purchases		⁽³⁾ Length of relationship
					RM'000	⁽²⁾ %	Years
1.	Biotechnology Sensational Sdn Bhd	Malaysia	Trading, wholesale, import and export of biomass and other agricultural raw materials	Unprocessed PKS	23,637	25.77	2
2.	Jayin Group ⁽⁴⁾	Malaysia	Involved in various activities including manufacturing, trading and wholesale of wood pellets, sawdust, jumbo bags, PKS and equipment	Unprocessed PKS and wood residues	16,101	17.55	2
3.	Comet Group ⁽⁵⁾	Malaysia	Trading of recycling materials and biomass product	Unprocessed PKS	12,866	14.02	3
4.	Mercatura Group ⁽⁶⁾	Malaysia	Trading of biomass products	Unprocessed PKS and wood residues	9,902	10.79	2
5.	Liberty Infinity Sdn Bhd	Malaysia	Trading of biomass products	Unprocessed PKS	6,994	7.62	3
					69,500	75.75	

7. BUSINESS OVERVIEW (CONT'D)

FYE 2022

No.	Suppliers ⁽¹⁾	Country of operations	Principal activities	Main products sourced	Value of purchases		⁽³⁾ Length of relationship
					RM'000	⁽²⁾ %	Years
1.	Biotechnology Sensational Sdn Bhd	Malaysia	Trading, wholesale, import and export of biomass and other agricultural raw materials	Unprocessed PKS	26,554	22.49	3
2.	Comet Group ⁽⁵⁾	Malaysia	Trading of recycling materials and biomass product	Unprocessed PKS	19,250	16.31	4
3.	First Bre Sdn Bhd	Malaysia	Trading of biomass products	Unprocessed PKS	13,221	11.20	3
4.	Allgreen Energy (M) Sdn Bhd	Malaysia	Provision of transportation services and trading of biomass products	Unprocessed PKS	12,703	10.76	2
5.	Tokyo Sangyo Co., Ltd ⁽⁷⁾	Japan	Trading of machinery, construction of power plants and exporting of biomass products	Unprocessed PKS	10,702	9.07	3
					<u>82,430</u>	<u>69.83</u>	

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7. BUSINESS OVERVIEW (CONT'D)

FYE 2023

No.	Suppliers ⁽¹⁾	Country of operations	Principal activities	Main products sourced	Value of purchases		⁽³⁾ Length of relationship
					RM'000	⁽²⁾ %	Years
1.	Allgreen Energy (M) Sdn Bhd	Malaysia	Provision of transportation services and trading of biomass products	Unprocessed PKS	35,999	12.30	3
2.	First Bre Sdn Bhd	Malaysia	Trading of biomass products	Unprocessed PKS	35,818	12.24	4
3.	Biotechnology Sensational Sdn Bhd	Malaysia	Trading, wholesale, import and export of biomass and other agricultural raw materials	Unprocessed PKS	34,619	11.83	4
4.	Alwn Developments Sdn Bhd	Malaysia	Trading of biomass products	Unprocessed PKS	31,236	10.67	3
5.	NEF Prestige Sdn Bhd	Malaysia	Trading of biomass products	Unprocessed PKS	26,913	9.20	<1
					<u>164,585</u>	<u>56.24</u>	

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7. BUSINESS OVERVIEW (CONT'D)

FPE 2024

No.	Suppliers ⁽¹⁾	Country of operations	Principal activities	Main products sourced	Value of purchases		⁽³⁾ Length of relationship
					RM'000	⁽²⁾ %	Years
1.	Comet Group	Malaysia	Trading of recycling materials and biomass product	Unprocessed PKS and wood pellets	17,795	21.21	5
2.	Biotechnology Sensational Sdn Bhd	Malaysia	Trading, wholesale, import and export of biomass and other agricultural raw materials	Unprocessed PKS and wood pellets	12,866	15.33	5
3.	Allgreen Energy (M) Sdn Bhd	Malaysia	Provision of transportation services and trading of biomass products	Unprocessed PKS and wood pellets	12,224	14.57	3
4.	First Bre Sdn Bhd	Malaysia	Trading of biomass products	Unprocessed PKS	8,360	9.96	5
5.	ATT Developments Sdn Bhd	Malaysia	Operation of generation facilities that produce electric energy	Unprocessed PKS	7,860	9.37	4
					59,105	70.44	

Notes:

- (1) Save for Tokyo Sangyo Co., Ltd, we have entered into a supply contract with the supplier for the procurement of raw materials. The salient terms for the supply contracts generally includes, among others, the quantity of supply, quality of product, price per MT, payment terms, delivery terms, supply duration and termination clauses.
- (2) Calculated as the value of purchases divided by total purchases for the respective financial years/period. Our Group's total purchases for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024 are RM91.74 million, RM118.05 million, RM292.67 million and RM83.91 million, respectively.
- (3) Length of relationship is calculated at the end of the respective FYEs/FPE.
- (4) For Financial Years/Period Under Review, our Group's total purchases from Jayin Group comprised the following:

	FYE 2021	
	RM'000	⁽²⁾ %
Jayin Group		
Jayin Biomass Sdn Bhd	9,121	9.94
Jayin (Malaysia) Sdn Bhd	6,980	7.61
Total	16,101	17.55

7. BUSINESS OVERVIEW (CONT'D)

(5) For Financial Years/Period Under Review, our Group's total purchases from Comet Group comprised the following:

Comet Group	FYE 2021		FYE 2022		FPE 2024	
	RM'000	(2) %	RM'000	(2) %	RM'000	(2) %
Comet Recycle Sdn Bhd	9,654	10.52	15,467	13.10	9,120	10.87
Comet Biogreen Sdn Bhd	3,212	3.50	3,783	3.20	8,675	10.34
Total	12,866	14.02	19,250	16.30	17,795	21.21

(6) For Financial Years/Period Under Review, our Group's total purchases from Mercatura Group comprised the following:

Mercatura Group	FYE 2021	
	RM'000	(2) %
Mercatura Biomass Sdn Bhd	9,513	10.37
MW Greenergy Sdn Bhd	389	0.42
Total	9,902	10.79

(7) Tokyo Sangyo Co. Ltd was both a major customer and major supplier in FYE 2022 as due to one-off transaction with Tokyo Sangyo Co., Ltd in FYE 2022 whereby it supplied the raw materials i.e unprocessed PKS to our Group to manufacture and the processed products were sold back to them to meet their urgent requirement.

For the Financial Years/Period Under Review, our Group purchased 75.75%, 69.83%, 56.24% and 70.44% of our Group's total purchases from our top five (5) major suppliers, respectively. Our Group is dependent on Biotechnology Sensational Sdn Bhd by virtue of their contribution of more than 20% of our Group's total purchases during the respective FYEs (Please refer to Section 7.22.3 of this Prospectus for further details on the supply contract with Biotechnology Sensational Sdn Bhd). Notwithstanding the above, there is no concern on concentration risk associated with any of our Group's major suppliers as the purchases from the top five (5) major suppliers are broadly spread among our major suppliers in the year. Evidently, our purchases from Biotechnology Sensational Sdn Bhd, which amounted to approximately 25.77% in FYE 2021, decreased to 11.83% in FYE 2023 and increased to 21.21% in FPE 2024. Further, in line with our Group's expansion plan to set up new factories in Johor, Pahang and Sabah, we expect to be able to expand our network of suppliers to include suppliers based in these states. Consequently, this would enable us to reduce any dependency on the abovementioned major suppliers.

In addition, we have also entered into supply contracts with all of the major suppliers, save for Tokyo Sangyo Co., Ltd, which was a one-off sale, which states that the supplier will supply a specified volume of PKS to us throughout the time period specified in the contract, which ranges from 2 to 3 years supply contracts with option for renewal. For clarity, we have maintained an average of approximately four (4) years of business relationships with most of the major suppliers, save for Tokyo Sangyo Co., Ltd.

7. BUSINESS OVERVIEW (CONT'D)

7.19 COMPETITIVE STRENGTHS**7.19.1 We have demonstrated our ability to comply to requirements set by local and foreign customers**

Our biomass fuel products are sold to both local and international markets. End-users in different countries have different requirements in terms of moisture levels, calorific value as well as ash, sulphur, sodium, potassium and chlorine volume, impurities content and durability, and they require biomass fuel product manufacturers such as our Group to adhere to their requirements. Prior to procuring our products through biomass fuel product trading companies, our customers and/or end-users may conduct a site visit at our Port Klang Factory to ensure that we are able to meet their requirements in the manufacturing of biomass fuel products.

In addition, we have obtained the Green Gold Label certification which endorses that we have the capability to manufacture PKS produced from raw materials that have been sourced from oil palm plantation and milling companies that have been sustainably managed. We have also obtained the PEFC certification which endorses that we are able to manufacture wood pellets using wood residue sourced from suppliers that have complied to the PEFC guidelines. Additionally, we have obtained the Green Label Certification which allow us to recognise the wood pellets as environmentally friendly products and allows us to use the "MyHIJAU" mark on the wood pellets.

For the Financial Years Under Review, our customers did not request Green Gold Label certified for the PKS sold, nor did they require PEFC or Green Label certification for the wood pellets sold. Although many of our customers did not require our products to be certified with the above certifications during the Financial Years/Period Under Review, these certifications will enable us (on request basis by some of the customers) to meet their requirements and provide us with the capability to export our products to international markets as some foreign customers, particularly customers in Japan, require the abovementioned certifications in order to enjoy tax incentives and benefits from their local government. We have completed our first shipment of Green Gold Label certified PKS to a customer based in Japan in first quarter of 2024.

As a testament to our ability to comply with requirements set by local and foreign customers, we have managed to retain our customers over the years. On average, our length of business relationship with our top 5 major customers, which comprised both local and international biomass fuel product trading companies, were approximately 2 years as at FPE 2024.

7.19.2 We have a network of suppliers

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

For most of our suppliers for unprocessed PKS, we have supply contracts with them which specified the volume of raw materials and time period to be supplied to us. This allows us to ensure a consistent supply of raw materials for unprocessed PKS throughout the year. Although we do not have supply contracts with suppliers of wood residue, we have built good working relationships with them, which has allowed us to source and place orders easily.

Additionally, we also source from suppliers who are certified with the necessary certifications, namely PEFC certification for wood residue suppliers and Green Gold Label certified suppliers or oil palm plantation and milling companies that have been sustainably managed, for the supply of unprocessed PKS, if required by our customers. This ensure our Group is able to meet the requirements and specifications of our customers.

Our access to a network of suppliers allows us to fulfil our customers' orders throughout the year.

7. BUSINESS OVERVIEW (CONT'D)

7.19.3 We have an experienced and committed key senior management

Our growth thus far has been, largely driven by our Managing Director, Yeo Hock Cheong, who has approximately six (6) years in the biomass fuel products industry. He is supported by our key senior management personnel who are all qualified professionals with knowledge and experience in their respective fields, namely our Finance Director, Salihudin, our COO, Teoh Soon Tek, Head of Finance and Project, Loo Ze Hui and our Operations Manager, Choo Mun Chen.

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

7.19.4 Our Port Klang Factory is strategically located and is equipped to produce quality biomass fuel products

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

We also recognise the importance of providing quality products consistently to ensure customer satisfaction and expand our customer base. Our PKS production lines at our Port Klang Factory utilise our proprietary PKS process to reduce impurities and separate the useful PKS from small unwanted particles such as tiny stones and fibres. We can also control the moisture levels to meet our customers' requirements, which would minimise presence of bacteria, germs, insect sludge, fungi and ammonia in the PKS and increase calorific values of the PKS.

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

7.19.5 Our biomass fuel products can cater for various end-user industries

We offer two (2) types of biomass fuel products, namely PKS as well as wood pellets, both of which are suitable for use in various manufacturing industries and in biomass power plants. PKS and wood pellets can be used for electricity generation in power plants and as a fuel in industrial boilers used in various types of manufacturing related industries to produce heat for various industrial processes.

Depending on the configuration of the power plant or manufacturing plants, end-users may require PKS or wood pellets. Certain plants are designed to use a particular type of biomass fuel product in order to maintain its combustion efficiency. As we offer both PKS and wood pellets, this allows us to cater to different customer needs.

The diverse applications of our products will increase demand for our products and provide us an opportunity to expand our customer base. Our ability to serve end-user industry also enable us to diversify our business risk, thus reducing the risk of dependency on a particular industry's performance. Additionally, this capability also presents us with a large pool of opportunities to tap into and allows our business model to be resilient to withstand challenging market conditions.

7. BUSINESS OVERVIEW (CONT'D)

7.20 FUTURE PLANS AND BUSINESS STRATEGIES**7.20.1 We intend to expand our production capacity for PKS in order to grow our sales**

Typically, in order for us to secure new long-term contracts or orders, customers and/or end-users of the prospective customers, such as manufacturers and biomass power plants operators, will conduct a site visit at our Port Klang Factory and Kapar Factory. These customers and/or end-users, particularly international companies, generally seek for vendors that have sufficient capacity to supply them the volume of PKS they require. Thus, it is crucial for us to show these customers and/or end-users that we have ample capacity in order to secure new long-term contracts and orders, particularly from foreign customers.

At present, we operate out of Port Klang Factory, which has a capacity of 720,000 MT per year. As at FYE 2023, our utilisation rate for our PKS production lines at our Port Klang Factory reached 73.86%, which has grown from 38.83% in FYE 2021. We have recently set up our Kapar Factory which commenced operation on 18 June 2024 with capacity of 240,000 MT per annum. The estimated cost for acquiring machineries and equipment for Kapar Factory is RM7.83 million, of which RM4.70 million has been incurred to set-up two (2) PKS production lines for commencement of Kapar Factory's operation. The remaining estimated budget shall be mainly used for future acquisition of additional screening units, excavator, wheel loader and conveyor system for the factory. The entire cost will be financed via our internally generated funds and/or bank borrowings.

As at the LPD, we have entered into separate memorandum of understanding with two (2) of our major customers for the manufacturing and sale of 560,000 MT of PKS (as disclosed in Section 7.22 of this Prospectus) and additional 160,000 MT of PKS with other customers, giving a cumulative 720,000 MT of PKS to be delivered in FYE 2024 and 710,000 MT to be delivered in FYE 2025, which would fully utilise our PKS production lines at our Port Klang Factory. As such, we intend to expand our production capacity in order to cater for orders from other new and existing customers.

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

(i) New factory in Pasir Gudang, Johor

We have selected Johor to set up our new factory as Johor has one of the largest oil palm planted area in Peninsular Malaysia, and the setting up of a factory in Johor would be in close proximity to unprocessed PKS suppliers. Thus, this would lower cost of transportation for supplies.

We intend to rent a premises in Pasir Gudang, Johor to set up the new factory. As at the LPD, we are still in the midst of finding a suitable premises to rent, which have access to the nearest port.

The annual rental costs is estimated to be cumulatively amount to RM2.40 million, and will be funded via our internally generated funds.

The new factory in Pasir Gudang, Johor will be equipped with two (2) PKS production lines and is estimated to have an annual production capacity of 240,000 MT once fully operational.

(ii) New factory in Kuantan, Pahang

We have outsourced the manufacturing of PKS to a third-party contract manufacturer which is based in Kuantan, Pahang to manufacture PKS in FYE 2023 due to higher demand for PKS from our customers. Outsourcing PKS manufacturing to the third-party contract manufacturer in Kuantan, Pahang allowed us to gain exposure in carrying out manufacturing activities in Kuantan, Pahang, which is near oil palm plantation and milling companies, without incurring high capital expenditure.

7. BUSINESS OVERVIEW (CONT'D)

We have previously selected Kuantan, Pahang to set up our new factory as Pahang has one of the largest oil palm planted area in Peninsular Malaysia, and the setting up of a factory in Kuantan, Pahang would be in close proximity to unprocessed PKS suppliers. Thus, this would lower cost of transportation for supplies.

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

We intend to identify a suitable land between 6 and 12 months upon receipt of the gross proceeds from the Public Issue and complete the acquisition of the said land 3 months after. We estimate that the cost of acquiring the land is expected to amount to RM20.00 million and the construction cost is approximately RM27.00 million, which will be fully funded via our gross proceeds from the Public Issue. We estimate that we will be able to commence operations at the New Kuantan Facility 24 months from the receipt of the gross proceeds from our Public Issue. Further details are as elaborated in Section 4.7.1 of the Prospectus.

The New Kuantan Facility will be equipped with two (2) PKS production lines and is estimated to have an annual production capacity of 240,000 MT once fully operational.

While waiting to identify a suitable land to set up the New Kuantan Facility, we may need to set up a temporary factory on a rented premises in Kuantan, Pahang to cater for our operational needs. The annual rental costs for the rented premises in Kuantan, Pahang is estimated to be RM2.40 million, and will be funded via our internally generated funds. Upon completion of the New Kuantan Facility, the machineries and equipment in this temporary factory will be relocated to and installed in the New Kuantan Facility. The relocation and installation cost are estimated to be approximately between RM100,000 to RM200,000.

(iii) New factory in Lahad Datu, Sabah

We have also selected Sabah to set up our new factory as Sabah has one of the largest oil palm planted area in Malaysia, and the setting up of a factory in Sabah would be in close proximity to unprocessed PKS suppliers. Thus, this would lower cost of transportation for supplies.

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

The new factory in Lahad Datu, Sabah will be equipped with two (2) PKS production lines and is estimated to have an annual production capacity of 240,000 MT once fully operational.

The rationale for setting up of new factories in Pasir Gudang, Johor; Kuantan, Pahang and Lahad Datu, Sabah are as follows:

- (i) Sabah, Pahang and Johor have one of the largest oil palm planted areas in Malaysia, and the setting up of new factories in these states will place us nearer to oil palm plantation estates. Thus, this would reduce the transportation costs of delivering raw materials to our new factories; and
- (ii) These locations are near ports, which would be convenient to export our products. By setting up new plants in other states, we will be less dependent on Port Klang to transport our biomass fuel products.

7. BUSINESS OVERVIEW (CONT'D)

The timeline for setting up these three (3) factories are as follows:

Timeline for new factory in Pasir Gudang, Johor	
Q3 2024	Identification of premises to rent
	Procurement of the machineries and equipment
Q4 2024	Expected receipt of machineries and equipment
	Installation of production lines
	Expected commencement of operations
Timeline for new factory in Kuantan, Pahang (temporary factory while awaiting for the New Kuantan Facility to be operational)	
Q3 2024	Identification of premises to rent
	Procurement of the machineries and equipment
Q4 2024	Expected receipt of machineries and equipment
	Installation of production lines
	Expected commencement of operations
Timeline for new factory in Lahad Datu, Sabah	
Q1 2025	Identification of premises to rent
	Procurement of the machineries and equipment
Q2 2025	Expected receipt of machineries and equipment
	Installation of production lines
	Expected commencement of operations

The cost of new machineries and equipment for the three (3) new factories is estimated to amount to RM23.49 million, wherein 90% of the total cost will be funded via gross proceeds from the Public Issue while the remaining 10% of total cost will be funded via bank borrowings and/or internally generated funds. Further details on the use of gross proceeds from the Public Issue to fund the purchase of these new machineries and equipment are as elaborated in Section 4.7.1 of the Prospectus.

We will also need to expand our operations department. As such, we intend to recruit up to 6 personnel for the new factory in Pasir Gudang, Johor by fourth quarter of 2024 (we previously estimated recruitment to be done by third quarter of 2024) and up to 6 personnel for the new factory in Lahad Datu, Sabah by second quarter of 2025. We will also need to expand our operations department by up to 6 personnel for the New Kuantan Facility, which will be recruited by fourth quarter of 2024 (we previously estimated the recruitment to be done by second quarter of 2024). For information, there had been delay for the recruitment of personnel in new factory in Pasir Gudang, Johor and New Kuantan Facility as such recruitment would only be initiated once the new factory sites for both locations had been identified and confirmed.

These new personnel will be operating at the rented premises in Kuantan until the New Kuantan Facility has been set up. As our manufacturing activities are mostly automated, we will require 6 personnel to operate and manage each new factory. If needed, we may subcontract certain services such as traffic flow, cleaning services as well as removal/discharge of impurities from our manufacturing activities, as similarly done at the Port Klang Factory.

We expect the cost of salaries for the new personnel will amount to approximately RM275,000 for each new factory annually, which will be funded via internally generated funds.

7.21 PROSPECTS OF OUR GROUP

According to the IMR Report in Section 8 of this Prospectus, the industry sizes for PKS and wood pellets in Asia Pacific grew at CAGRs of 6.7% and 6.9%, respectively, between 2019 and 2023. Moving forward, Providence expects the industry sizes for PKS and wood pellets in Asia Pacific to grow by a further 8.9% and 8.6%, respectively, between 2024 and 2026.

7. BUSINESS OVERVIEW (CONT'D)

Our Group is expected to benefit from the growth of this industry, which is expected to continue to be driven by:

- Growing exports to international markets which will be mainly supported by government initiatives to drive the use of renewable energy, including biomass, in the countries in which our Group's customers are based in or intends to deliver its products to. This includes the key markets we currently serve, namely Indonesia, Singapore and Japan;
- Growing demand from the end-user industries in Malaysia that is driven by government initiatives to drive the use of renewable energy, including biomass; and
- Availability of raw materials in Malaysia as Malaysia is one of the largest oil palm producers globally and is rich in forest resources.

Our Group plans to capture upon the demand opportunities present for PKS and wood pellets internationally as well as locally through our business strategies set out above in Section 7.20 of this Prospectus and leveraging on our competitive strengths set out in Section 7.19 of this Prospectus. As such, taking into account the above, our Board is of the opinion that our Group's prospects remain favourable.

Against this backdrop, we seek a listing on the ACE Market to facilitate our future growth and strengthen our position as a PKS and wood pellet manufacturer and trader in Asia Pacific.

(Source: Our Management)

7.22 CONTRACTS ON WHICH OUR GROUP IS MATERIALLY DEPENDENT

Save for the long-term agreements between our Group and our major customers (namely PT Orion Apac Indonesia and Customer B) and our major supplier (namely Biotechnology Sensational Sdn Bhd) respectively for the sale and purchase of PKS as disclosed below, our Group is not dependent on any material contracts or agreements including commercial and financial contracts within the ordinary course of our business, which are material to our business or profitability.

Consent was sought for the disclosure of the identity of Customer B pursuant to confidentiality obligations in relation to the disclosure of the salient terms of the long term agreement, but was not obtained. Accordingly, the identity of Customer B will not be disclosed in this Section of the Prospectus.

We are dependent on the aforementioned two (2) major customers as our Group entered into long term contracts with them and we anticipate that they will purchase up to a total of 560,000 MT of PKS in FYE 2024, in which case, each of them will contribute at least 20.00% of our orderbook for FYE 2024.

Furthermore, we are dependent on Biotechnology Sensational Sdn Bhd as our Group entered into a long term contract with them and they accounted for more than 20.00% of our Group's total value of purchases in FYE 2021 and FYE 2022 respectively.

As at the LPD, our Group has not breached any terms of the contracts on which our Group is materially dependent on, nor has there been any claims, disputes or legal suits raised by any of the aforementioned major customers and major supplier in relation to a breach of contract.

7. BUSINESS OVERVIEW (CONT'D)

7.22.1 Memorandum of Understanding for the sale of PKS to PT Orion Apac Indonesia

The salient terms and conditions of the memorandum of understanding entered into between our Group and PT Orion Apac Indonesia are set out below:

Date : 17 May 2022

Description : Memorandum of understanding entered into between our Group and PT Orion Apac Indonesia for the sale of PKS to PT Orion Apac Indonesia

Salient terms : Contract period
October 2022 to September 2025, subject to auto-renewal of 3 years based on renegotiated terms and conditions

Quantity and Shipment Period

1. The quantity of PKS to be delivered under a definitive agreement to be mutually agreed ("**Definitive Agreement**") shall be of a certain minimum volume load per year.
2. Our Group warrants to load a minimum of 6,500MT +/-5% of PKS per shipment.
3. The actual loading quantity shall be confirmed in writing by PT Orion Apac Indonesia three (3) months prior to the actual shipment.
4. Loading port(s): Northport Southpoint, Port Klang and/or other major ports in Malaysia

Termination

1. The memorandum of understanding shall become effective upon its execution and remain in force and effect for the period ending on the date that
 - (i) The parties jointly entering into the Definitive Agreement;
 - (ii) unless the memorandum of understanding is otherwise terminated or extended as agreed among the parties.
2. The parties shall have the right to terminate the memorandum of understanding by giving written notice to the other party upon the occurrence of any of the following events:
 - (i) in any circumstances if there is a cessation of PKS utilization by PT Orion Apac Indonesia; or
 - (ii) any steps are taken, an order is made, a resolution is passed or legislation is enacted for the winding-up, dissolution, liquidation or bankruptcy of any of the parties.

As at the LPD, our Group has not entered into a Definitive Agreement with PT Orion Apac Indonesia.

7.22.2 Memorandum of Understanding for the sale of PKS to Customer B

The salient terms and conditions of the memorandum of understandings entered into between our Group and Customer B are set out below:

Date : 30 May 2023

Description : Memorandum of understanding entered into between our Group and Customer B for the sale of PKS to Customer B

Salient terms : Contract period
May 2023 to March 2040

7. BUSINESS OVERVIEW (CONT'D)

Salient terms

1. Customer B is prepared to purchase PKS for the demand of an end user from our Group and our Group is prepared to continuously supply PKS to Customer B with a minimum quantity of PKS per year subject to agreement on terms and conditions including the determination of price per shipment.
2. The parties agree to have negotiations with each other in good faith in order to reach an agreement on commercial conditions for the agreed volume.

Customer B is incorporated in Japan on 10 December 1948 and is principally involved in the trading of steel, materials, machinery, chemical and biomass products, and is based in Japan. Its holding company is principally engaged in the steel, shipbuilding and energy related businesses. Customer B is not listed on any stock exchange but its holding company is listed on the Tokyo Stock Exchange.

As at the LPD, our Group has been able to meet our commitment and obligations in respect of the memorandum of understanding with Customer B. The minimum quantity of PKS to be supplied to Customer B is pre-determined in the memorandum of understanding.

7.22.3 Sale and Purchase Agreements for the purchase of PKS from Biotechnology Sensational Sdn Bhd (“BTSB”)

(i) Sale and Purchase Agreement dated 14 April 2020

Date : 14 April 2020

Description : Sale and purchase agreement entered into between our Group and BTSB for the supply of PKS to our Group

Salient terms : Contract Period
April 2023 to April 2026

Quantity

A certain minimum quantity of PKS for every year commencing from the date the deposit is paid.

Delivery Term

1. BTSB shall deliver the PKS to the delivery location as informed by our Group.
2. In the event BTSB is unable to deliver the accepted purchase order within the delivery period mutually agreed, our Group reserves the right to terminate the Agreement according to the termination clause herein.

Contract Price

The parties agree that the contract price will be reviewed every one (1) month.

Termination

1. Any failure by BTSB to deliver the accepted purchase order without any valid reasons other than the force majeure events, our Group reserves the rights to terminate the agreement whereby BTSB shall refund the balance deposit or if agreeable by our Group, to deliver supply to our Group a quantum of PKS at the price mutually agreed in lieu of the balance deposit held by BTSB.
2. In the event of termination of the agreement by mutual agreement, our Group is entitled to a refund of all the outstanding deposit from BTSB within the time period agreed to in such termination notice.

7. BUSINESS OVERVIEW (CONT'D)

(ii) Sale and Purchase Agreement dated 14 December 2021

Date : 14 December 2021

Description : Sale and purchase agreement entered into between our Group and BTSB for the supply of PKS to our Group

Salient terms : Contract Period
January 2022 to December 2024, with an option to renew for an additional three (3) years subject to both parties' agreement

Quality

The PKS shall not be more than a certain moisture content.

Quantity

The contract quantity shall be a certain minimum quantity of PKS per calendar year with an option to purchase additional PKS.

Payment and Shipping Documents

1. Our Group shall make payment to BTSB's designated bank account subject to the supplier's invoice with the delivered quantity and price as agreed.
2. Our Group shall make telegraphic transfer to BTSB's bank account as stated on BTSB's invoice.
3. Each party shall bear its own respective bank charges accordingly.

Termination

1. In the event of occurrence of any of the below-mentioned cases with respect to any party (hereinafter referred to as "**Defaulting Party**"), the other party (hereinafter referred to as "**Non-defaulting Party**") shall be entitled to terminate the agreement and/or purchase order by notifying the Defaulting Party thereof in writing without prejudice to any right of the Non-defaulting Party existing under the agreement or the purchase order at the time of such termination:
 - (a) Defaulting party's insolvency; winding-up, creditors' voluntary arrangement, judicial management order, civil rehabilitation procedure, corporate reorganisation, liquidation or special liquidation, or other insolvency procedures;
 - (b) Dissolution or liquidation, except by merger, of the Defaulting Party, or transfer of the entire business or partial core business of the Defaulting Party;
 - (c) Attachment, provisional attachment, provisional disposition or compulsory sale by public auction of any material assets of the Defaulting Party, or a disposition for failure to pay taxes by the Defaulting Party.
2. In case of happening of any of the events provided above, all the outstanding monetary obligations due to the Non-defaulting Party from the Defaulting Party under the agreement and/or other contracts, including purchase order shall become due and payable immediately.
3. Notwithstanding any provision herein to the contrary, in case of termination for any event of default as provided above, the Defaulting Party shall indemnify and hold harmless the Non-defaulting Party from and against any and all damages, or losses it may suffer as a consequence of the default.
4. Either party may terminate the agreement prior to the beginning of the renewal and extension term by providing at least 30 days written notice to the other party prior to the expiration of the then-current term.

8. IMR REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: 15 July 2024

The Board of Directors
ELRIDGE ENERGY HOLDINGS BERHAD
61-2, Jalan Radin Tengah,
Bandar Baru Sri Petaling,
57000 Kuala Lumpur,
Malaysia.

Dear Sirs/Madam,

Independent Market Research (“IMR”) Report on the Biomass Fuel Industry in Asia Pacific in conjunction with the Listing of ELRIDGE ENERGY HOLDINGS BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this IMR report on the Biomass Fuel Industry in Asia Pacific for inclusion in the Prospectus of ELRIDGE ENERGY HOLDINGS 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.

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 more than 10 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. IMR REPORT (CONT'D)

Elridge Energy Holdings Berhad and its subsidiary (collectively referred to as “**EEHB Group**” or “**the Group**”) are principally involved in the manufacturing and trading of biomass fuel products, particularly palm kernel shells and wood pellets. In the financial year end (“**FYE**”) 2023 and the financial period ending (“**FPE**”) 2024, approximately 95.0% and 93.2% of the Group’s revenue was derived from customers based in international countries (with key markets being Indonesia, Singapore and Japan), respectively. Its customers comprise biomass fuel trading companies and end-users such as manufacturers and biomass power plant operators. Customers who are biomass fuel trading companies may either sell biomass fuel products to the countries they are based in or export these products to other international countries.

As such, this IMR report will focus on the biomass fuel industry in Asia Pacific, with specific focus on palm kernel shells and wood pellets as these are the biomass fuel products the Group manufactures and trades. It will also assess key growth drivers from the end-user industries in countries where the Group’s customers are based in, i.e. Indonesia, Singapore and Japan, as well as in Malaysia.

1 THE BIOMASS FUEL INDUSTRY IN ASIA PACIFIC

DEFINITION AND SEGMENTATION

Biomass fuel refers to solid, liquid or gaseous energy sources derived from organic materials, that are burned or combusted to generate heat or electricity. These products are generally environmentally friendly as they are derived from by-products or wastes, thus promoting waste reduction. Further, they are also derived from renewable sources such as plants or organic waste which are infinite and have a lower likelihood of depleting.

Examples of biomass fuel products include:

- (i) **Palm kernel shells** – products derived from unprocessed palm kernel shells, which are shell fractions left after oil is extracted from palm kernels and is a by-product of palm oil milling;
- (ii) **Wood pellets** – products produced from wood residue from logging activities or by-products of wood processing such as sawdust, wood chips and offcuts. Such products may be in uniformly sized pellets or chip form;
- (iii) **Agriculture residue** – products produced from agriculture wastes such as rice husks, wheat husks, corn husks and empty palm fruit bunches;
- (iv) **Energy crops** – products produced from crops that are grown for the production of biomass fuel such as bamboo, corn and sugarcane; and
- (v) **Municipal waste** – produced from waste disposed at municipal waste disposal site such as paper, garden trimmings and food waste.

EEHB Group is principally involved in the manufacturing and trading of biomass fuel products, particularly palm kernel shells and wood pellets. As such, this will be the area of focus in this IMR report.

Palm kernel shells have traditionally been used as biomass fuel in palm oil mills in Southeast Asia. Increasingly, palm kernel shells are being used as biomass fuel in the power generation and manufacturing industries as it is a sustainable source of fuel with lower carbon emissions. As compared to other plant-based biomass fuels, palm kernel shells also have the following key advantages:

- Availability of unprocessed palm kernel shells as oil palm trees are widely planted in Southeast Asia, particularly in Malaysia and Indonesia;
- Contains residual palm oil resulting in relatively higher heating value compared to other plant-based biomass fuel;
- Unprocessed palm kernel shells are uniformly sized, easy to handle and transport.

Meanwhile, wood pellets are the most commonly used biomass fuel in Asia Pacific as it has traditionally been used as an alternative to fossil fuels such as coal to generate power. Although wood pellets are widely available, there are growing concerns on its sustainability as it may result in deforestation activities. Thus, end-user industries are beginning to source for wood pellets that are certified to verify that the raw materials are sourced from sustainably managed forests, and such certifications include the Programme for the Endorsement of Forest Certification (“**PEFC**”) and Green Label certifications.

The biomass fuel industry value chain begins with the procurement of raw materials from suppliers. For palm kernel shells, this involves procuring unprocessed palm kernel shells from suppliers which include oil palm plantation and milling companies, palm fruits transporters and traders. For wood pellets, this involves procuring wood residue from suppliers which include logging transporters, saw mills and traders.

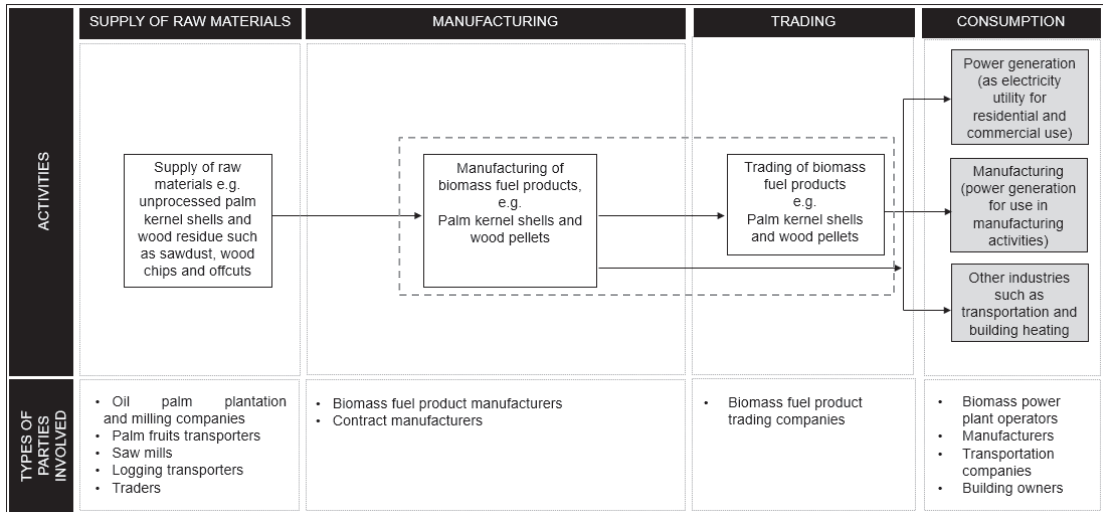
8. IMR REPORT (CONT'D)



magnetic, stone and dust removal for palm kernel shells; or chipping, screening, drying, sizing and pelleting for wood pellets.

The finished products may either be sold to biomass fuel product trading companies for onward sale to end-customers, or sold directly to end-customers.

The biomass fuel industry value chain for palm kernel shells and wood pellets is as illustrated below:



Note:

(i) Denotes the segment that EEHB Group is principally involved in

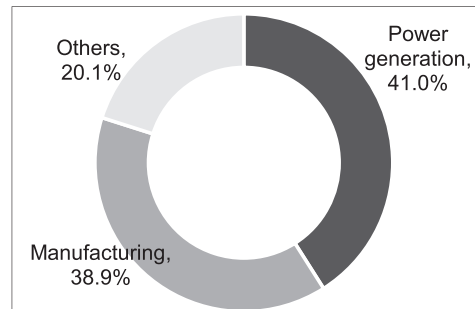
Source: PROVIDENCE

Biomass fuel products are generally used in the following end-user industries:

- Power generation – where biomass power plant operators generate electricity for residential, commercial and industrial usage;
- Manufacturing – where manufacturers generate power for their own usage in their operations; and
- Other industries such as transportation and building heating.

The largest end-user industries for biomass fuel products in Asia Pacific are the power generation and manufacturing industries. In 2023, the power generation industry in Asia Pacific was the largest end-user industry for biomass fuel products, consuming 41.0% of biomass fuel products sold in the region. This was closely followed by the manufacturing industry which consumed 38.9% of the biomass fuel products sold in the region. Other end-user industries collectively consumed the remaining 20.1% of biomass fuel sold in Asia Pacific in the same year.

Biomass fuel consumption by end-user industry in 2023



Notes:

(i) Others includes transportation and building heating

Source: Coherent Market Insights

8. IMR REPORT (CONT'D)

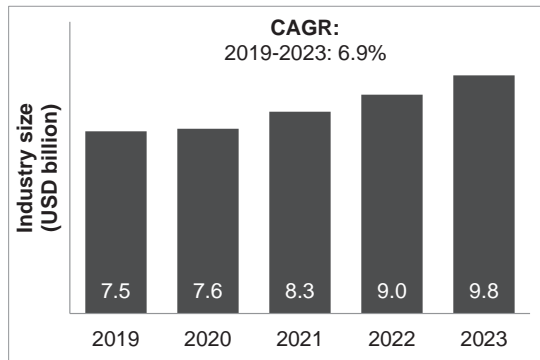


INDUSTRY PERFORMANCE, SIZE AND GROWTH

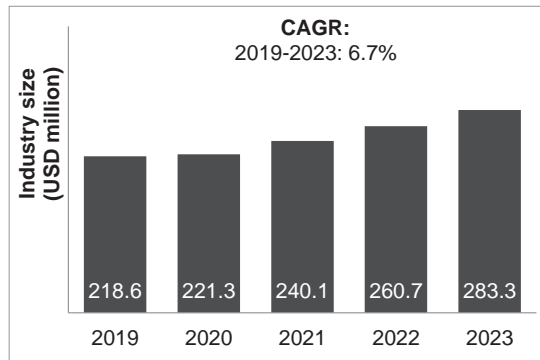
The industry size for palm kernel shells in Asia Pacific, in terms of sales of palm kernel shells in the region, grew from USD218.6 million (RM905.6 million¹) in 2019 to USD283.3 million (RM1.3 billion¹) in 2023 at a compound annual growth rate (“CAGR”) of 6.7%. Meanwhile, the wood pellet industry size in Asia Pacific, in terms of sales of wood pellets, grew from USD7.5 billion (RM31.1 billion¹) in 2019 to USD9.8 billion (RM44.7 billion¹) in 2023 at a CAGR of 6.9%.

Moving forward, the palm kernel shells industry size in Asia Pacific is forecast to grow at a CAGR of 8.9% from an estimated USD308.6 million (RM1.4 billion¹) in 2024 to USD366.1 million (RM1.7 billion¹) in 2026, while the industry size for wood pellets in Asia Pacific is forecast to grow by a further CAGR of 8.6%, from USD10.6 billion (RM48.4 billion¹) in 2024 to USD12.5 billion (RM57.1 billion¹) in 2026.

Wood pellet industry size in Asia Pacific



Palm kernel shell industry size in Asia Pacific



Source: Coherent Market Insights

KEY GROWTH DRIVERS

As EEHB Group is based in Malaysia, this section will assess the key growth drivers from the angle of an industry player based in Malaysia. These key growth drivers include:

Growing exports to international markets

Malaysia’s export value of palm kernel shells has been growing from RM277.0 million in 2019 to RM760.0 million in 2023.² Meanwhile, export volume of palm kernel shells has grown from 975,464 metric tonnes (“MT”) to 1.5 million MT during the same time period.²

The export value of wood pellets from Malaysia to international markets has also been growing from RM313.3 million in 2019 to RM554.9 million in 2023, in line with a growth in export volume of wood pellets from Malaysia from 614,558 MT in 2019 to 860,283 MT in 2023.³

Japan has been a major market for palm kernel shells exported from Malaysia.² In 2023, Japan imported 1.4 million MT of palm kernel shells from Malaysia, which was valued at RM717.7 million.² This translated to 93.3% and 94.4% of the total export volume and value of palm kernel shells from Malaysia.²

Meanwhile, the top export destinations for wood pellets from Malaysia in 2023 were Netherlands, Japan and South Korea.³ In 2023, Malaysia exported 317,131 MT or RM201.8 million to Netherlands; 258,172 MT or RM171.2 million to Japan; and 219,466 MT or RM131.4 million to South Korea.³

¹ Exchange rates from USD to RM were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia at:

2019: USD1 = RM4.1427

2022: USD1 = RM4.4005

2023: USD1 = RM4.5653

Exchange rates from USD and RM for 2024 and 2026 were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia for 2023 at USD1 = RM4.5653

² Source: Malaysian Palm Oil Board (“MPOB”)

³ Source: United Nations Comtrade

8. IMR REPORT (CONT'D)



The growth in demand for palm kernel shells and wood pellets is driven by the growth of the end-user industries (i.e. power generation and manufacturing industries). The growth of the end-user industries in selected countries⁴ are as detailed below:

• **Japan**

Japan has consistently been a major export market for palm kernel shells from Malaysia, as depicted from the increasing exports from Malaysia to Japan since 2012 after biomass power generation became eligible for Japan’s feed-in-tariff (“FiT”) programme. This resulted in an increase in consumption of biomass fuel products from the power generation and manufacturing industries, as seen below:

Consumption of palm kernel shells and wood pellets by power plants and industrial heat boilers in manufacturing plants in Japan

Biomass fuel product	Consumption volume ('000 bone-dry tonne)				CAGR (2019-2022)
	2019	2020	2021	2022	
Imported palm kernel shells	2,011	2,785	3,560	4,142	27.2%
Wood pellets	11,098	12,452	13,706	14,776	10.0%

Notes:

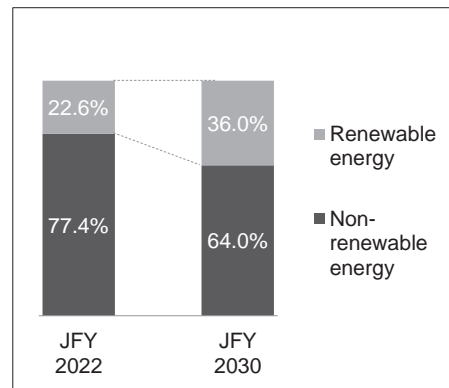
(i) Bone-dry tonne is a unit of weight that is equivalent to 2,000 pounds at 0% moisture content

(ii) Latest publicly available information is as at 2022

Source: United States Department of Agriculture (Japan Biomass Annual 2023)

The demand for biomass fuel products, including palm kernel shells and wood pellets from Japan is expected to continue to grow in light of the Government of Japan placing priority on renewable energy as a major power source. The Sixth Strategic Energy Plan was released by the Ministry of Economy, Trade and Industry Japan in 2021 with the aim of achieving carbon neutrality by 2050. In 2022, Japan derived 22.6% of electricity generation from renewable energy, and the Government of Japan targets to increase the percentage contribution of renewable energy to its total electricity generation to approximately 36.0% by 2030. Biomass accounted for 33 terrawatt hours (“TWh”) or 15.7% of the total renewable share in 2021, and the Government of Japan targets to increase electricity generation from biomass to 13.6% or 47 TWh of total electricity generation by 2030.⁵

Historical and target electricity consumption by source in Japan



Notes:

(i) Latest publicly available information is as at 2022

(ii) JFY begins on 1 April and ends on 31 March

Source: The International Energy Agency, the United States Department of Agriculture (Japan Biomass Annual 2023)

In March 2020, the Organization for Cross-regional Coordination of Transmission Operators, Japan (OCCTO) announced the Aggregation of Electricity Supply Plans for Japanese fiscal year (“JFY”)⁶ 2022, which illustrated the plans to progressively set up 37 biomass plants with a total capacity of 1,583 megawatt by 2031.⁷ As at December 2022, the Ministry of Economy, Trade and Industry Japan had approved 900 biomass power plants with a total 8.3 gigawatt (“GW”) in capacity for FiT.⁵ A total of 586 biomass plants with a total capacity of 4.1 GW were in operation in the year, indicating that potential new biomass power plants that will be set up and in operation in the following years.⁵

In addition, Japan’s Green Transformation Basic Policy targets to establish success cases of ammonia or hydrogen co-firing coal plants by 2024. As at the end of 2023, there were 31 co-firing coal plants with biomass fuel.⁸

In addition, Japan’s Green Transformation Basic Policy targets to establish success cases of ammonia or hydrogen co-firing coal plants by 2024. As at the end of 2023, there were 31 co-firing coal plants with biomass fuel.⁸

⁴ Selected countries are based on the major countries EEHB Group sells its products to and intends to deliver its products to

⁵ Source: The United States Department of Agriculture (Japan Biomass Annual 2023). Latest publicly available information is as at 2021

⁶ JFY begins on 1 April and ends on 31 March

⁷ Source: Japan Electric Power Information Centre, Inc

⁸ Source: The Ministry of Economy, Trade and Industry, Japan

8. IMR REPORT (CONT'D)

The potential new biomass power plants as well as the Government of Japan's target for renewable energy consumption is expected to increase the demand for palm kernel shells and wood pellets in Japan.

In addition, under the FiT programme, the Ministry of Economy, Trade and Industry Japan plans to enforce the use of palm kernel shells that has been certified by the Roundtable on Sustainable Biomaterials, Green Gold Label and International Sustainability, Carbon Certification (ISCC) or Malaysian Sustainable Palm Oil programs beginning April 2024. This is expected to benefit industry players that have obtained the abovementioned certifications for their palm kernel shells.

Meanwhile, the demand for palm kernel shells and wood pellets is also expected to be driven by the manufacturing industry in Japan, which has maintained an industry size of USD962.8 billion (RM4.0 trillion¹) in 2019 and USD987.2 billion (RM4.3 trillion¹) in 2022.⁹ Moving forward, the demand for biomass fuel products, including palm kernel shells and wood pellets, is expected to be driven by the Emission Reduction Programme which requires regulated manufacturing facilities to submit reports on energy conservation plans and practices to reduce greenhouse gas emissions or improve energy efficiency, as well as the resulting impact on greenhouse gas emissions. Besides this, prefectural governments may also offer rewards, which are typically non-monetary, to promote energy efficiency. Further, Japan's Green Transformation Basic Policy aims to drive economic growth and development through emissions mitigation, which will be achieved through raising JPY150 trillion (RM4.9 trillion¹⁰) of private-public investment over 10 years. One of the areas of focus of this initiative is the decarbonisation of manufacturing processes and installation of industrial heat pumps and co-firing power plants.

- **Indonesia**

In Indonesia, there is growing demand for electricity due to its large population of 278.7 million in 2023.¹¹ Indonesia's current renewable energy share as at 2022 was estimated at 19.0%¹², with the aim to increase its renewable energy share to 31.0% by 2050.¹³ In order to achieve this without having to make huge modifications to existing power generation facilities, the Government of Indonesia has initiated co-firing using biomass fuel in existing coal power plants. This is currently performed in the 114 coal-fired power plants owned and operated by the state-owned entity Perusahaan Listrik Negara, with plans to expand to plants owned and operated by independent power producers. As Indonesia is the world's largest producer of palm oil, the oil palm industry is able to provide a reliable supply of biomass fuel products such as palm kernel shells and wood pellets, which would support the growing demand for electricity in the country.

Although Indonesia is the world's largest producer of palm oil, its exports to international markets is expected to be impaired by export duties and levies imposed by the Government of Indonesia on exported palm oil and related products, including palm kernel shells. The following table denotes the average export duties and levies imposed on exported palm kernel shells from Indonesia:

Average export duties and levies for palm kernel shells exported from Indonesia

	Average export duty / levy for palm kernel shells (USD per MT)			
	2021	2022	2023	Jan – Mar 2024
Export duty	23.83	10.72	5.54	4.67
Export levy	5.00	2.04	3.00	3.00

Source: Katadataku.com

The export duties and levies are imposed to raise revenue from exports of palm oil and related products from the country in order to fund subsidies to encourage usage of biodiesel in Indonesia and develop the palm oil industry in Indonesia in terms of replanting, research and development and human resources. The export duties and levies imposed would increase prices of palm kernel shells exported from Indonesia, which is expected to adversely impact the competitiveness of palm kernel shells exported from Indonesia. This would thus benefit biomass fuel products exported from other countries such as Malaysia.

⁹ Source: World Bank

¹⁰ Exchange rates from JPY to RM were converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at JPY100 = RM3.2486

¹¹ Source: BPS-Statistics Indonesia

¹² Source: International Energy Agency. Latest publicly available information is as at 2022

¹³ Source: Kementerian Energi dan Sumber Daya Mineral Republik Indonesia

8. IMR REPORT (CONT'D)

- **Singapore**

In 2022, total generation capacity of power plants using renewable sources accounted for approximately 17.0% of the country's total generation capacity.¹⁴ The majority of the total generation capacity in Singapore comprised combined cycle gas turbine power plants, i.e. at 82.2% of total generation capacity.¹⁴ On 25 October 2021 the Energy Market Authority (EMA) announced plans to import up to 4GW of low-carbon electricity imports into Singapore (which accounts for 30.0% of Singapore's electricity supply) by 2035, in order to reduce its carbon footprint from power generation.

Apart from the above, Singapore is also a leading trading hub in Southeast Asia with the highest trade transactions recorded in 2023 amongst Southeast Asia countries.¹⁵ Thus, demand for biomass fuel products from customers based in Singapore is also expected to be driven by biomass fuel product trading companies who source palm kernel shells and wood pellets from other countries for export to other international countries.

Growing demand for biomass fuel products from end-user industries in Malaysia

Malaysia has been progressively seeking renewable energy alternatives. Under the Twelfth Malaysia Plan, the Government of Malaysia targets to increase the nation's total installed capacity of renewable energy to 31.0% by 2025, as a commitment to reduce greenhouse gas emissions by up to 45.0% by 2030. In 2022, the installed capacity of renewable energy was 24.5% of the nation's total installed capacity.¹⁶

The Malaysia Renewable Energy Roadmap aims to support Malaysia's commitment to achieving 31.0% renewable energy share in the national capacity mix by 2025 through various strategies including supporting the rollout of biomass, biogas and waste-to-energy capacity, as well as exploring potential opportunities in bio-compressed natural gas and biomass co-firing.

In December 2023, the National Biomass Action Plan 2023-2030 announced initiatives including co-firing power generation plants to combust a combination of coal and biomass fuel products. In addition, biomass hubs will be established in 20 locations nationwide to increase efficiency of the national biomass supply chain. Through the National Energy Transition Roadmap, the Government of Malaysia also intends to develop biomass clusters with a centralised plant with easy access to multiple neighbouring mills to improve economies of scale and have reliable access to larger quantities of biomass fuel products. In addition, a biomass co-firing initiative at the existing Tanjung Bin Power Plant, Johor will start to burn biomass alongside with coal, wherein the pilot project is expected to commence in 2024 and the plant is scheduled to reach a 15.0% biomass co-firing capacity by 2027.

Further, the Government of Malaysia also continues to support green businesses with the reinstatement of the Green Technology Financing Scheme 4.0 up to RM1.0 billion until 31 December 2025. The Green Technology Financing Scheme 4.0 will continue to provide 60.0% to 80.0% government guarantee on the cost of the green component financed by participating financial institutions, and a rebate of 1.5% per annum on interest or profit rate.

Availability of raw materials for manufacturing biomass fuel products in Malaysia

Malaysia is rich in natural forestry resources and has a robust agricultural sector due to fertile soil and tropical climate. The availability of organic materials, which are waste products from the timber and agricultural sectors, provides raw materials, such as wood residue and unprocessed palm kernel shells, for the manufacturing of biomass fuel products.

The oil palm industry is the largest agricultural industry in the country, contributing an estimated RM36.2 billion to the national gross domestic product (GDP) in 2023.¹⁷ The total planted area for oil palm in Malaysia was 5.7 million hectares in 2023, of which 90.8% is mature.¹⁸ There were 446 palm oil mills in Malaysia in 2023.¹⁸ As Malaysia is the second largest producer of palm oil in the world, the oil palm industry in Malaysia is able to provide a reliable supply of unprocessed palm kernel shells, as they are the by-products of the oil palm industry. Palm kernel production in Malaysia was measured at 4.6 million

¹⁴ Source: Energy Market Authority. Latest publicly available information is as at 2022

¹⁵ Source: United Nations Comtrade

¹⁶ Source: Ministry of Natural Resources, Environment and Climate Change Malaysia (Malaysia's Sustainable Energy Development Prospectus)

¹⁷ Source: Department of Statistics Malaysia

¹⁸ Source: MPOB

8. IMR REPORT (CONT'D)



MT in 2023, which indicates the vast availability of unprocessed palm kernel shells to produce palm kernel shells.¹⁸

On the other hand, Malaysia has vast land area of rain forests and is a major producer of timber products. In 2022, Malaysia's production of major timber products included logs (7.1 million cubic metres), sawn timber (2.2 million cubic metres) and plywood (1.5 million cubic metres).¹⁹ By-products of the timber industry include wood residue, which may be used as raw materials in wood pellet manufacturing.

The consistent availability of unprocessed palm kernel shells and wood residue from the palm oil and timber industries indicates the potential for the development of the industry for palm kernel shells and wood pellets in Malaysia.

INDUSTRY DYNAMICS

As EEHB Group is principally involved in the manufacturing and trading of biomass fuel products, this chapter aims to assess the supply conditions, risks and challenges and relevant laws and regulations affecting a biomass fuel manufacturer and trader.

Supply Conditions

Availability of raw materials

Unprocessed palm kernel shells and wood residue are raw materials used in the manufacturing of biomass fuel products. Malaysia has a reliable supply of unprocessed palm kernel shells and wood residue. This is because these raw materials are by-products of the oil palm industry and timber industry, and Malaysia is one of the largest oil palm producers globally and is rich in forest resources (as indicated above in the **Key Growth Drivers** section).

Industry Risks and Challenges

Competition from other industry players

The biomass fuel industry in Asia Pacific is fragmented, with numerous players that manufacture and/or trade palm kernel shells and wood pellets in the region. These industry players compete on the basis of price and ability to meet specifications and volume required by the customer. Industry players may also resort to competitive strategies such as taking on orders with lower profit margin in order to capture and/or retain market share.

Although there is no common price reference for palm kernel shells and wood pellets, the selling prices for palm kernel shells and wood pellets vary from customer to customer as it is dependent on factors such as the specifications of the palm kernel shells or wood pellets required by the customer (such as moisture levels, calorific value as well as ash, sulphur, sodium, potassium and chlorine volume, impurities and durability), the order volume required by the customer, the price of unprocessed palm kernel shells and wood residue and foreign exchange rate fluctuations. Industry players must have the experience and know-how to competitively price their biomass fuel products.

As indicated in the export value per MT for palm kernel shells and wood pellets below, the average value per MT differs according to the country and on a year-on-year basis:

Malaysia's export value per MT for palm kernel shells and wood pellets

	Average export value per MT for palm kernel shells (RM)					Average export value per MT for wood pellets (RM)					
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	
Japan	290	371	387	424	529						
Thailand	211	302	315	397	357						
						Netherlands	-	-	-	950	635
						Japan	506	512	517	687	663
						South Korea	464	421	459	650	599

Note:

- (i) The average export value per MT is only indicative and may differ from the actual prices of palm kernel shells and wood pellets

Source: MPOB, United Nations Comtrade

¹⁹ Source: Malaysian Timber Industry Board. Latest publicly available information is as at 2022

8. IMR REPORT (CONT'D)**Product substitution risks**

Biomass fuel products, including palm kernel shells and wood pellets, can be substituted by other forms of energy. At present, non-renewable energy sources derived from coal, crude oil or natural gas are relatively more commonly used. The use or uptake of biomass fuel products to generate energy, particularly in the manufacturing industry, may be impacted if there are unfavourable changes in government initiatives to encourage adoption of renewable energy such as a cutback in subsidies or removal of tax exemptions. Further, in the event that the prices of non-renewable energy sources become substantially lower than prices of biomass fuel products such that it does not make sense to generate biomass energy, this could potentially impact demand for biomass fuel products such as palm kernel shells and wood pellets. The prices of key non-renewable energy sources, i.e. coal, crude oil and natural gas in 2019 and 2023 are as follows:

Energy source	Average annual prices					
	Crude oil		Coal		Natural gas	
	USD per barrel	RM per barrel ¹	USD per MT	RM per MT ¹	USD per one million British thermal units	RM per one million British thermal units ¹
2019	64.03	265.26	77.89	322.67	2.57	10.65
2023	82.62	377.19	172.78	788.79	2.54	11.60

Note:

- (i) ¹Exchange rates from USD to RM were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia at:
 2019: USD1 = RM4.1427
 2023: USD1 = RM4.5653

Source: World Bank

Biomass fuel products may also be substituted by other forms of renewable energy such as solar or hydro. Although these energy sources are typically not able to be used as fuel for industrial boilers that generate energy in manufacturing facilities, or as alternative fuel in biomass power plants or co-firing coal plants, any changes in government policies that solely favour the use of other renewable energy sources could lead to less usage of biomass fuel products. Further, any shift in preferences to other forms of biomass fuel products that would lower demand for palm kernel shells and wood pellets or deem these products as obsolete.

Relevant Laws and Regulations

Wood pellet manufacturers and/or traders have to comply to the Malaysian Timber Industry Board (Incorporation) Act 1973, which states that no person shall carry on any activity as an exporter, importer, supplier, grader, processor, trader, operator or a jetty operator for the supply and export of wood waste, woodchip and wood flake without a licence issued by the Malaysian Timber Industry Board.

Palm kernel shell manufacturers do not require a licence to manufacture, trade and/or export palm kernel shells, other than the typical manufacturing and business licences.

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8. IMR REPORT (CONT'D)**COMPETITIVE LANDSCAPE**

PROVIDENCE has identified 14 industry players, including EEHB Group on the basis that:

- (i) They are involved in the manufacturing of palm kernel shells and/or wood pellets;
- (ii) They are based in Malaysia; and
- (iii) They have a revenue of RM1.0 million and above, based on their latest audited FYE.

These industry players are^(a):

Company name	Palm kernel shells	Wood pellets	Latest audited FYE	Revenue (RM '000)	Gross profit ("GP") (RM '000)	Profit/Loss After Tax ("PAT/LAT") (RM '000)	GP margin ^(b) (%)	PAT margin ^(c) (%)
BTM Biomass Products Sdn Bhd ^(d)	-	✓	31 December 2022	4,066 ^(e)	(1,031) ^(f)	(1,101) ^(f)	-	-
Daya Synergy Borneo Sdn Bhd	✓	-	30 June 2023	8,718 ^(g)	681	69	7.8	0.8
EEHB Group	✓	✓	31 December 2023	335,251^(g)	45,969	23,565	13.7	7.0
Green Pellet (Sarawak) Sdn Bhd	-	✓	31 December 2022	19,658 ^(g)	3,069	(5,524)	15.6	-
Kyoto Oils & Grains (M) Sdn Bhd	✓	-	31 December 2022	8,208 ^(g)	1,294	993	15.8	12.1
Living Nature Sdn Bhd	-	✓	31 December 2021 ^(h)	32,609 ^(g)	1,089	(299)	3.3	-
Maya Wood Pellets Sdn Bhd	-	✓	31 March 2023	24,006 ^(g)	3,789	883	15.8	3.7
Mesjaya Abadi Sdn Bhd	-	✓	31 December 2022	8,366 ^(g)	1,541	211	18.4	2.5
Rainbow Pellet Sdn Bhd	-	✓	31 December 2022	161,537 ^(e)	68,088 ^(f)	44,181 ^(f)	42.2 ⁽ⁱ⁾	27.4 ⁽ⁱ⁾
Taiyo Biomass Sdn Bhd	✓	-	30 September 2023	58,478 ^(g)	3,818	1,471	6.5	2.5
Tanjong Manis Resources Sdn Bhd	✓	-	31 December 2023	5,316 ^(e)	(466) ^(f)	(1,130) ^(f)	-	-
Techniray Sdn Bhd	-	✓	31 December 2022	1,957 ^(g)	(138)	(462)	-	-
Top Energy Sdn Bhd	-	✓	30 September 2022	5,322 ^(g)	567	408	10.7	7.7
TreeOne MegaPellet Sdn Bhd	-	✓	30 June 2023	16,403 ^(e)	499 ^(f)	(7,635) ^(f)	3.0 ⁽ⁱ⁾	-

Notes:

- (i) ^a The list is not exhaustive. It contains information based on publicly disclosed information as at 11 July 2024 and excludes exempt private companies

8. IMR REPORT (CONT'D)

- (ii) ^b GP margin is computed based on GP over revenue
- (iii) ^c PAT / LAT margin is computed based on PAT/ LAT over revenue
- (iv) ^d BTM Biomass Products Sdn Bhd is a subsidiary of BTM Resources Berhad, a public listed company
- (v) ^e Based on segmental financial information of the company's biomass fuel products business
- (vi) ^f Based on total consolidated financial information as segmental financial information of the company's biomass fuel products business is not publicly available
- (vii) ^g Revenues may be derived from business activities other than the company's biomass fuel products business
- (ix) ^h Latest available information
- (x) ⁱ GP/PAT margin is based on consolidated GP/PAT over segmental revenue as the segmental GP/PAT is not publicly available

Source: Companies Commission of Malaysia, various company websites, PROVIDENCE

As palm kernel shell and wood pellet manufacturers require capital expenditure to set up a manufacturing facility and working capital to purchase raw materials, the barriers to entry faced by industry players involved in the manufacturing of palm kernel shells and/or wood pellets is moderately high. Meanwhile, the barriers to entry for palm kernel shell and wood pellet traders is low.

The competitiveness of a palm kernel shell and wood pellet manufacturer is dependent on its manufacturing capability and technical expertise in manufacturing of palm kernel shells and wood pellets based on the specifications required by the customer in terms of moisture levels, calorific value as well as ash, sulphur, sodium, potassium and chlorine volume, impurities content and durability. Further, in light of the requirement from the Ministry of Economy, Trade and Industry Japan that palm kernel shells used under the FiT programme in Japan to be certified by the Roundtable on Sustainable Biomaterials, Green Gold Label and International Sustainability, Carbon Certification (ISCC) or Malaysian Sustainable Palm Oil programs beginning April 2024, and growing concerns on the sustainability of the sources of wood pellets, industry players that have obtained sustainability certifications such as the Green Gold Label, PEFC and Green Label certifications for their palm kernel shells and wood pellets would also be able to enhance its competitiveness. Other critical success factors applicable to manufacturers and/or traders of palm kernel shells and wood pellets include the capability and experience to manufacture palm kernel shells and wood pellets, a network of customer to sell products to and a network of suppliers to source raw materials from.

MARKET SHARE

Based on the revenue generated by EEHB Group from the manufacturing and sale of palm kernel shells of RM144.4 million for the FYE 31 December 2022 and the total palm kernel shell industry size in Asia Pacific of USD260.7 million (RM1.1 billion¹) in 2022, EEHB Group garnered an industry revenue share of approximately 13.1% in 2022. EEHB Group's industry revenue share for wood pellets in Asia Pacific was minimal in 2022.

EEHB Group's industry revenue share for palm kernel shells was approximately 22.3% in 2023, with a revenue of RM290.2 million for the FYE 31 December 2023 from the manufacturing and sale of palm kernel shell segment and a palm kernel shell industry size in Asia Pacific of USD283.3 million (RM1.3 billion¹) in 2023. Meanwhile, EEHB Group's industry revenue share for wood pellets was approximately 0.1%, with a revenue of RM45.1 million for the FYE 31 December 2023 from the manufacturing and trading of wood pellet segment, and a wood pellet industry size in Asia Pacific of USD9.8 billion (RM44.7 billion¹) in 2023.

2 PROSPECTS AND OUTLOOK OF THE EEHB GROUP

Moving forward, the palm kernel shells industry size in Asia Pacific is forecast to grow at a CAGR of 8.9% while the wood pellets industry size in Asia Pacific is forecast to grow by a further CAGR of 8.6%, between 2024 and 2026. As a palm kernel shell and wood pellet manufacturer and/or trader, EEHB Group stands to benefit from this growth which is driven by:

- Growing exports to international markets which will be mainly supported by government initiatives to drive the use of renewable energy, including biomass, in the countries in which EEHB Group's customers are based in or intends to deliver its products to;
- Growing demand from end-user industries in Malaysia that is driven by government initiatives to drive the use of renewable energy, including biomass; and
- Availability of raw materials for manufacturing biomass fuel products in Malaysia.

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS**9.1.1 We may face disruptions in our manufacturing activities**

As at the LPD, the manufacturing of biomass fuel products are carried out at our Port Klang Factory and Kapar Factory. Our manufacturing activities are dependent on the continued operation of our factories. Our Group's manufacturing activities could be disrupted or delayed due to unforeseeable circumstances such as 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 PKS and wood pellet production lines, 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.

When the MCO 1.0 was first imposed in March 2020 due to COVID-19, our supply chain was disrupted due to abrupt closure of economic activities. However, we did not experience material disruptions in terms of meeting our customers' demands or delivery as their operations were also temporarily suspended during the period. Kindly refer to Section 7.16 of this Prospectus for further details of interruption to business and operations due to COVID-19,

During the Financial Years/Period Under Review, we had to temporarily ceased the operation of our wood pellet production line since January 2023 as there was a need to replace a key machinery part in the wood pellet production line. The wood pellet production line is expected to resume by second half of 2024. Thus, in the FYE 2023, we had to trade wood pellets sourced from third-party suppliers to cater to existing orders. Nevertheless, our Group's financial performance was not adversely impacted as we were able to focus on the manufacturing of PKS.

There can be no assurance that we will not experience major operational disruptions to our PKS and wood pellet production lines in the future due to abovementioned unforeseeable circumstances or unanticipated failures or damages which would adversely impact our Group's financial performance.

9.1.2 We are dependent on contracts signed with our major customers and major supplier

As at the LPD, our Group's business or profitability is materially dependent on the contracts as set out in Section 7.22 of this Prospectus. Our Group is dependent on our major customers, namely PT Orion Apac Indonesia and Customer B as our Group entered into long term contracts with them and we anticipate that they will purchase up to a total of 560,000 MT of PKS in FYE 2024, in which case, each of them will contribute at least 20.00% of our orderbook for FYE 2024.

9. RISK FACTORS (CONT'D)

Although our Group was dependent on Cleantop Biomass Sdn Bhd, Green Bio World Sdn Bhd and PT. Apac Metal Indonesia, Z & Z SG Pte Ltd and Deus Ex Capital Pte Ltd by virtue of their revenue contributions of more than 20% of our Group's total revenue during the respective FYEs and in FPE 2024, the composition of our Group's major customers varies on a year-on-year basis. Thus, we do not expect to be reliant on these 5 customers for new orders of biomass fuel products.

We are also dependent on our major supplier, Biotechnology Sensational Sdn Bhd, with whom our Group has entered into a long-term contract. Biotechnology Sensational Sdn Bhd accounted for more than 20.00% of our Group's total value of purchases in FYE 2021 and FYE 2022.

As at the LPD, our Group has not experienced any termination of contracts with our major customers and/or suppliers nor have our Group suffered from any losses arising from not fulfilling such contracts.

Further details of the terms of the contracts signed with these major customers and major supplier are as elaborated in Section 7.22 of this Prospectus.

The termination or loss of any of our abovementioned contracts with the major customers will have material adverse impact to our business, financial condition, results of operations and prospects. In addition, while we may procure unprocessed PKS from other suppliers, the termination or loss of our contract with one of our major suppliers, Biotechnology Sensational Sdn Bhd and our inability to promptly source the quantity of unprocessed PKS required within the time span that we require, could lead to delays in delivery of our PKS to customers, and this could adversely impact our business and financial performance.

9.1.3 We may be adversely affected if we are unable to source raw materials in sufficient quantities and/or at acceptable prices

Unprocessed PKS and wood residues are the major cost component in the manufacturing of biomass fuel products. For the Financial Years/Period Under Review, purchase of unprocessed PKS and wood residues constituted between 92.64% and 95.52% of our total cost of sales.

Although we have a network of suppliers to procure unprocessed PKS and wood residues from, we may not be able to obtain the volume required for our operations in sufficient quantities or at prices commercially acceptable to us. If we are unable to obtain the volume of unprocessed PKS and wood residues required for our operations in sufficient quantities or at prices commercially acceptable to us, our business operations and financial performance may be adversely affected.

Although we have supply contracts with most of these suppliers for unprocessed PKS where our suppliers will supply a specified volume of raw materials to us throughout the time period specified in the contract, there is no assurance that we will not face any supply disruptions for unprocessed PKS. We do not sign any supply contracts with our suppliers for the supply of wood residue. There is also no assurance that in the event prices of these materials increase significantly, our customers will allow us to revise our selling prices nor will the selling price increase be sufficient to not impact our profit margins.

9.1.4 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, i.e. our Executive Director/ CEO, Yeo Hock Cheong, our Executive Director/ Finance Director, Salihudin, our COO, Teoh Soon Tek, Head of Finance and Project, Loo Ze Hui, and Operations Manager, Choo Mun Chen. Our Executive Directors and key senior management play a pivotal role in our day-to-day operations

9. RISK FACTORS (CONT'D)

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 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.

9.1.5 We depend on our ability to secure new orders and contracts

Apart from long-term contracts of more than 3 years secured with some of our customers to supply PKS as at the LPD, we secure orders from other customers for PKS and wood pellets on a purchase order basis or spot contract basis which have a tenure of less than 1 year.

For such customers, orders are secured on 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.

While our Group continuously seeks to maintain and strengthen existing business relationships and establish relationship with new customers to expand our network, any adverse economic conditions or slowdowns in the biomass fuel industry may also adversely impact our sales, and consequently affect our Group's financial performance and business operations.

9.1.6 We are exposed to fluctuation in foreign exchange rates

As our sales and purchases are mainly transacted in RM, SGD and USD, a depreciation of RM against the foreign currencies will lead to higher revenues in RM and vice versa. Our exposure to foreign currency risk arises primarily from sales and purchases that are denominated in currency other than the functional currency of our Group.

The following is the breakdown of our sales based on currency denomination throughout the Financial Years/Period Under Review:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
RM	74,063	64.34	67,290	46.59	16,807	5.01	8,021	6.82
USD	35,149	30.53	54,444	37.69	247,004	73.68	109,636	93.18
SGD	5,902	5.13	22,706	15.72	71,440	21.31	-	-
Total	115,114	100.00	144,440	100.00	335,251	100.00	117,657	100.00

Our raw materials purchased are mainly denominated in the following currencies, as tabulated below:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
RM	88,927	96.93	107,349	90.93	254,677	87.02	83,914	100.00
USD	2,812	3.07	10,702	9.07	15,053	5.14	-	-
SGD	-	-	-	-	22,937	7.84	-	-
Total	91,739	100.0	118,051	100.0	292,667	100.0	83,914	100.00

During the Financial Years/Period Under Review, we have incurred losses/gains from fluctuations in foreign exchange rates, as disclosed in Section 12.3.4(A) of this Prospectus.

As at the LPD, we have foreign currency forward hedging facilities which may be utilised in the future depending on business operations' requirement as well as we maintain a foreign currency account. However, we do not have a formal hedging policy with respect to foreign

9. RISK FACTORS (CONT'D)

exchange exposure. Rather, we monitor foreign exchange exposure on an ongoing basis and endeavour to keep net exposures to acceptable level. Nevertheless, 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.

9.1.7 We may not have sufficient insurance to cover all losses or liabilities

We are exposed to risks such as fire and public liability 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 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 operations.

9.1.8 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 7.20 of this Prospectus, our Group intends to set up new factories in Pasir Gudang, Johor and Lahad Datu, Sabah as well as set up the New Kuantan Facility. 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 biomass fuel products by our existing and prospective customers.

Further, the execution of our business strategies may also result in additional operational 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.

9.1.9 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)

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We may face competition from other industry players

Our Group competes with industry players involved in the manufacturing of biomass fuel products. The competitive landscape of the biomass fuel product industry in Malaysia is estimated to comprise over 30 industry players that are presently involved in the manufacturing of biomass fuel products, of which PROVIDENCE has identified 14 that are involved in the manufacturing of PKS and/or wood pellets. These industry players may compete with us in terms of pricing, quality, manufacturing 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.

9.2.2 We are subject to political, social, regulatory and economic risks

We operate mainly in Malaysia, and we sell our product to overseas market including, but not limited to, Indonesia, Japan, Singapore, China and South Korea. 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 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, and outbreak of diseases or pandemics.

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)

9.2.3 We are subject to risks of product substitution of PKS and wood pellets

We presently have the capability to manufacture PKS and wood pellets. PKS and wood pellets may be substituted by various biomass fuel products such as agriculture residue or other new biomass fuel products that have yet to be used. PKS and wood pellets may also be substituted by other non-renewable fuel products such as coal, natural gas or crude oil and other renewable energy such as solar or hydro.

Therefore, the continued business operation of our Group is dependent upon the continued demand for PKS and wood pellets from end-user industries such as the power generation and manufacturing industries. Any unfavourable changes in government initiatives to encourage adoption of renewable energy such as a cutback in subsidies or removal of tax exemptions, or changes in government policies that solely favour the use of other renewable energy sources, could result in lower demand for biomass fuel products. Further, any shift in preferences to other forms of biomass fuel products that would lower demand for PKS and wood pellets or deem these products as obsolete. Consequently, this would adversely impact our Group's business and financial performance.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occurs:

- (a) The selected investors fail to subscribe for their portion of our IPO Shares;
- (b) Our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (c) We are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and CCM within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9. RISK FACTORS (CONT'D)

9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of 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.

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Company

Our Promoters will collectively hold approximately 21.46% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will have significant influence on the outcome of certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

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