

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF NORTHEAST GROUP BERHAD (“NORTHEAST” OR “COMPANY”) DATED 26 SEPTEMBER 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 for a paper/printed copy of the Prospectus directly from the Company, Affin Hwang Investment Bank Berhad (“**Affin Hwang IB**”) or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia 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, Affin Hwang IB and the Company take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units 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

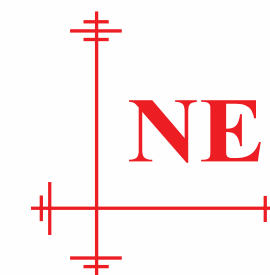
Applications will be accepted from **10.00 a.m. (Malaysian time) on 26 September 2024** and will close at **5.00 p.m. (Malaysian time) on 3 October 2024**. In the event there is any change to the timetable, Northeast will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia and announce it 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.



NORTHEAST GROUP BERHAD

(Registration No. 202201025913 (1471610-P))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING (“IPO”) IN CONJUNCTION WITH THE LISTING OF NORTHEAST GROUP BERHAD (“NORTHEAST” OR “COMPANY”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING:

(I) PUBLIC ISSUE OF 168,989,000 NEW ORDINARY SHARES IN OUR COMPANY (“SHARES”) (“ISSUE SHARE(S)”) IN THE FOLLOWING MANNER:

- 37,000,000 ISSUE SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 29,600,000 ISSUE SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS BUSINESS ASSOCIATES WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR COMPANY AND SUBSIDIARIES;
- 61,689,000 ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- 40,700,000 ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY OF MALAYSIA (“MITI”);

AND

(II) OFFER FOR SALE OF 51,800,000 EXISTING SHARES (“OFFER SHARE(S)”) BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MITI,

AT AN IPO PRICE OF RM0.50 PER ISSUE SHARE / OFFER SHARE, PAYABLE IN FULL UPON APPLICATION

PRINCIPAL ADVISER, SPONSOR, SOLE PLACEMENT AGENT AND SOLE UNDERWRITER



AFFIN HWANG INVESTMENT BANK BERHAD
(Registration No. 197301000792 (14389-U))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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 (“CMSA”).

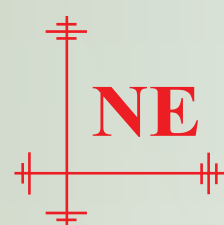
NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

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 143 OF THIS PROSPECTUS.

BURSA SECURITIES HAS APPROVED OUR ADMISSION TO THE OFFICIAL LIST OF THE ACE MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES. THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL OF OUR IPO 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 THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENT OF THIS PROSPECTUS.



NORTHEAST GROUP BERHAD

(Registration No. 202201025913 (1471610-P))
(Incorporated in Malaysia under the Companies Act 2016)

Address : 1946, Lorong IKS Bukit Minyak 1,
Taman IKS Bukit Minyak,
14100 Simpang Ampat, Pulau Pinang

Contact : +604-502 0303 (Malaysia)

Email : info@northeast.my

www.northeast.my

NORTHEAST GROUP BERHAD



PROSPECTUS

All defined terms used in this Prospectus are defined under “Presentation of Information”, “Definitions” and “Glossary of Technical Terms” commencing on pages ix, xi and xxii of this Prospectus respectively.

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. 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 this Prospectus false or misleading.

Affin Hwang IB, being our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, 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 offering.

STATEMENTS OF DISCLAIMER

Approval has been granted by Bursa Securities for the listing of and quotation for our Shares being offered. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our offering, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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 the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

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

Investors should note that any agreement by our Sole Underwriter to underwrite our Issue Shares under the Public Issue is not to be taken as an indication of the merits of our Shares being offered.

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the SC. 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 in connection with our offering under the laws of Malaysia. Our Shares are offered in Malaysia solely based on the contents of this Prospectus. Our Company, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter have not authorised anyone to provide you with information which is 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, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, or any of their respective directors or any other persons involved in our offering.

This Prospectus was prepared and published in the context of an IPO under the laws of Malaysia. It does not 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 of any jurisdiction other than Malaysia.

The distribution of this Prospectus and our offering are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. Our Company, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. No action has been taken to permit a public offering of the securities of our Company based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used for the purpose of and does not constitute an offer to sell or an invitation to buy the securities offered under our offering in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy the securities offered under our offering to any person to whom it is unlawful to do so. The distribution of this Prospectus and the sale of our Shares offered under our offering in certain jurisdictions may be restricted by law. Our Company, Promoters, Selling Shareholders and Principal Adviser require you to inform yourselves of and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our offering, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. It shall be your sole responsibility, if you are or may be subject to the laws of any countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our offering would result in the contravention of any law of such country or jurisdiction which you may be subject to. Neither we nor our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter nor any other advisers in relation to our offering shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our offering would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subject to. We will further assume that you have accepted our offering in Malaysia and will at all applicable times be subjected 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.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the electronic Prospectus and the copy of this Prospectus registered with 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 risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an electronic Prospectus, you should immediately request from us or our Issuing House, a paper/ printed copy of this Prospectus. In the event of any discrepancies arising between the contents of the electronic Prospectus and the contents of the paper/ printed copy of this Prospectus for any reason whatsoever, the contents of the paper/ printed copy of this Prospectus, which are identical to the copy of the 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, particularly in 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 on any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer systems or loss of data resulting from the downloading of any such data, information, files or other material.

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

- (i) the Internet Participating Financial Institutions are 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 which may be viewed through web browser or other relevant software;
- (ii) the Internet Participating Financial Institutions shall not be responsible 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 subsequently communicated or disseminated in any manner to you or other parties; and
- (iii) 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 because 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 cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in 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.

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INDICATIVE TIMETABLE

The indicative timetable for our IPO is set out below:

Event	Time / date
Issuance of Prospectus/ Opening of Application	10.00 a.m., 26 September 2024
Closing of Application	5.00 p.m., 3 October 2024
Balloting of Application	7 October 2024
Allotment/ transfer of our IPO Shares to successful applicants	14 October 2024
Listing	15 October 2024

If there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia and announce it on Bursa Securities' website accordingly.

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TABLE OF CONTENTS

	PAGE
PRESENTATION OF INFORMATION	ix
FORWARD-LOOKING STATEMENTS	x
DEFINITIONS	xi
GLOSSARY OF TECHNICAL TERMS	xxii
CORPORATE DIRECTORY	xxiv
1. APPROVALS AND CONDITIONS.....	1
1.1 Approvals and conditions	1
1.2 Moratorium on our Shares	2
2. PROSPECTUS SUMMARY	4
2.1 Principal details of our IPO	4
2.2 Our business	4
2.3 Our competitive strengths	5
2.4 Our future plans and business strategies	7
2.5 Risk factors	8
2.6 Promoters and substantial shareholders	11
2.7 Directors and Key Senior Management	12
2.8 Use of proceeds	12
2.9 Business interruptions.....	12
2.10 Financial and operational highlights	13
2.11 Dividend policy	13
3. DETAILS OF OUR IPO	14
3.1 Opening and closing of Application	14
3.2 Indicative timetable	14
3.3 Particulars of our IPO	14
3.4 Share capital, classes of shares and ranking	22
3.5 Basis of arriving at the IPO Price	23
3.6 Dilution	24
3.7 Use of proceeds	26
3.8 Brokerage, underwriting commission and placement fees	33
3.9 Details of the underwriting arrangement.....	34
3.10 Trading and settlement in secondary market	39

TABLE OF CONTENTS (CONT'D)

4.	INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT	40
4.1	Promoters and substantial shareholders	40
4.2	Board of Directors	46
4.3	Board practices	59
4.4	Management reporting structure	65
4.5	Key Senior Management	66
4.6	Service contracts	73
4.7	Associations or family relationships between our Promoters, substantial shareholders, Directors and Key Senior Management	73
4.8	Declaration by our Promoters, Directors and Key Senior Management	74
5.	INFORMATION ON OUR GROUP	75
5.1	Our Company	75
5.2	Our subsidiaries, joint venture and associate company	80
6.	BUSINESS OVERVIEW	85
6.1	Our history	85
6.2	Our principal activities	88
6.3	Our revenue segmentation by customer industries and geographical markets	92
6.4	Our competitive strengths	94
6.5	Our future plans and business strategies	97
6.6	Seasonality	99
6.7	Our business and operational process	99
6.8	Sales and marketing	105
6.9	Key awards recognition.....	106
6.10	Types, sources and availability of principal raw materials and inputs	107
6.11	R&D	108
6.12	Software and machines used	108
6.13	Operating capacity and utilisation	110
6.14	Material machinery and equipment.....	111
6.15	Quality assurance and verification	111
6.16	Major customers	112
6.17	Major suppliers	114

TABLE OF CONTENTS (CONT'D)

6.18	Business interruptions	116
6.19	Dependency on contracts, intellectual property rights, licences, permits and production or business processes	117
6.20	Intellectual properties	117
6.21	Employees	118
6.22	Governing laws, regulations, rules or requirements	120
6.23	ESG practices	129
7.	INDUSTRY OVERVIEW	131
8.	RISK FACTORS	143
8.1	Risks relating to our business and operations	143
8.2	Risks relating to our industry	149
8.3	Risks relating to our Shares and our Listing	152
9.	RELATED PARTY TRANSACTIONS.....	155
9.1	Our Group's related party transactions	155
9.2	Monitoring and oversight of related party transactions	160
10.	CONFLICT OF INTEREST	162
10.1	Interest in businesses and corporations which carry on a similar trade as that of our Group or which are our customers or suppliers	162
10.2	Declaration by advisers on conflict of interest	162
11.	FINANCIAL INFORMATION	163
11.1	Historical financial information	163
11.2	Capitalisation and indebtedness	167
11.3	Management's discussion and analysis of financial condition and results of operations	167
11.4	Liquidity and capital resources	198
11.5	Trend information	218
11.6	Significant changes	218
11.7	Order book	218
11.8	Dividend policy	219
11.9	Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position	220
12.	ACCOUNTANTS' REPORT	231

TABLE OF CONTENTS (CONT'D)

13. ADDITIONAL INFORMATION	317
13.1 Extract of our Constitution	317
13.2 Limitation on the right to own securities and/or exercise voting rights	325
13.3 Share capital	325
13.4 Exchange controls	326
13.5 Material contracts	326
13.6 Public take-over	327
13.7 Consents	327
13.8 Documents available for inspection	327
13.9 Responsibility statements	328
14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE	329
14.1 Opening and closing of Application	329
14.2 Methods of Application	329
14.3 Eligibility	330
14.4 Procedures for application by way of Application Forms	331
14.5 Application by way of Electronic Share Application	332
14.6 Application by way of Internet Share Application	333
14.7 Authority of our Board and the Issuing House	333
14.8 Over/under-subscription	333
14.9 Unsuccessful/partially successful applicants	334
14.10 Successful applicants	335
14.11 Enquiries	336
ANNEXURE A: OUR MATERIAL PROPERTIES	A-1
ANNEXURE B: OUR MAJOR LICENCES AND PERMITS.....	B-1

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PRESENTATION OF INFORMATION

All references to “our Company” or “Northeast” in this Prospectus are to Northeast Group Berhad. All references to “our Group” or “Northeast Group” in this Prospectus are to our Company and our subsidiaries collectively. All references to “we”, “us”, “our” and “ourselves” in this Prospectus are to our Company and where the context otherwise requires, shall include our subsidiaries. Unless the context otherwise requires, references to “Management” in this Prospectus are to our Directors and Key Senior Management as at the date of this Prospectus, and statements to our beliefs, expectations, estimates and opinions are those of our Management.

All references to “you” are to our prospective investors.

All references to the “LPD” in this Prospectus are to 30 August 2024, being the latest practicable date prior to the registration of this Prospectus with Bursa Securities.

Other abbreviations and acronyms used in this Prospectus are defined in the “Definitions” section and technical terms used in this Prospectus are defined in the “Glossary of Technical Terms” section. Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Any reference to persons shall, where applicable, include companies and corporations.

Any reference in this Prospectus to any provision of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to the provision of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

All references to times and dates in this Prospectus are references to times and dates in Malaysia, unless otherwise stated.

The word “approximately” used in this Prospectus indicates that a number is not an exact one, but that number is usually rounded off to the nearest thousandth, millionth or 2 decimal places. Certain amounts and percentage figures included in this Prospectus have been subjected to rounding adjustments. As a result, any discrepancy in the tables or charts between the amounts listed and totals in this Prospectus is due to rounding adjustments.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the industry in which we operate as well as our estimated market share in the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the Independent Market Research Report (“**IMR Report**”) prepared by Smith Zander International Sdn Bhd (“**SMITH ZANDER**”), an independent market researcher, as included in Section 7 of this Prospectus. In compiling their data for the review, SMITH ZANDER had relied on its research methodology, industry sources, published materials, their private databanks and direct contacts within the industry. Further, third party projections, including the projections from the IMR Report, cited in this Prospectus are subject to uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third party projections cited in this Prospectus.

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 website does not form part of this Prospectus and you should not rely on the information for the purpose of your decision on whether or not to invest in our Shares. Further, if there is any discrepancy between the contents of such website relating to our Group and this Prospectus, the information contained in this Prospectus shall prevail.

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 prospects of our Group for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views 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 terminologies such as the words “expect”, “believe”, “anticipate”, “plan”, “aim”, “intend”, “estimate”, “forecast”, “may”, “will”, “would”, “project” and “could” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) the general industry environment, including the demand for and supply of our products;
- (ii) our future overall business development and operations plans;
- (iii) our business strategies, trends and competitive position and the effect of such competition;
- (iv) potential growth opportunities;
- (v) our financial performance and financing plan including future earnings, cash flows and liquidity; and
- (vi) the regulatory environment and the effects of future regulation.

Factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in the forward-looking statements in this Prospectus include those discussed in Section 8 of this Prospectus on “Risk Factors” and Section 11.3 of this Prospectus on “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made based on information available to us as at the LPD and made only as at the LPD.

Should we become aware of any subsequent significant 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 will 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) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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DEFINITIONS

Unless the context otherwise requires, the following definitions shall apply throughout this Prospectus:

ACE Market	:	ACE Market of Bursa Securities
Acquisitions	:	Acquisition of NE Components, Acquisition of NE Integrated, Acquisition of NE Solutions, Acquisition of NE Technologies and Acquisition of Northeast Precision, collectively
Acquisition of NE Components	:	The acquisition by Northeast of the entire issued share capital of NE Components from Ng Chay Chin, Yin Thien Hee, Chong Ewe Hean, Ng Meng Hang and Ng Chai Hee for a purchase consideration of RM31,630,700, which was satisfied entirely via the issuance of 126,522,800 new Shares at an issue price of RM0.25 per Share. The Acquisition of NE Components was completed on 5 January 2024
Acquisition of NE Integrated	:	The acquisition by Northeast of the entire issued share capital of NE Integrated from Ng Chay Chin, Chong Ewe Hean, Huang HongHui and Ng Chai Hee for a purchase consideration of RM19,602,900, which was satisfied entirely via the issuance of 78,411,600 new Shares at an issue price of RM0.25 per Share. The Acquisition of NE Integrated was completed on 5 January 2024
Acquisition of NE Solutions	:	The acquisition by Northeast of the entire issued share capital of NE Solutions from Ng Chay Chin and Chong Ewe Hean for a purchase consideration of RM2,468,100, which was satisfied entirely via the issuance of 9,872,400 new Shares at an issue price of RM0.25 per Share. The Acquisition of NE Solutions was completed on 5 January 2024
Acquisition of NE Technologies	:	The acquisition by Northeast of the entire issued share capital of NE Technologies from Ng Chay Chin, Chong Ewe Hean, Ng Meng Hang, Tang Ah Lek and Ng Chai Hee for a purchase consideration of RM15,121,500, which was satisfied entirely via the issuance of 60,486,000 new Shares at an issue price of RM0.25 per Share. The Acquisition of NE Technologies was completed on 5 January 2024
Acquisition of Northeast Precision	:	The acquisition by Northeast of the entire issued share capital of Northeast Precision from Ng Chay Chin, Chong Ewe Hean, Ng Meng Hang and Tang Ah Lek for a purchase consideration of RM73,929,300, which was satisfied entirely via the issuance of 295,717,200 new Shares at an issue price of RM0.25 per Share. The Acquisition of Northeast Precision was completed on 5 January 2024
Act	:	Companies Act 2016
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List
Affin Hwang IB, Principal Adviser, Sponsor, Sole Placement Agent or Sole Underwriter	:	Affin Hwang Investment Bank Berhad (Registration No. 197301000792 (14389-U))
Application	:	Application for our Issue Shares by way of Application Form, Electronic Share Application or Internet Share Application

DEFINITIONS (CONT'D)

Application Form	:	Application form for the application of our Issue Shares accompanying this Prospectus
ATM	:	Automated teller machine
Authorised Financial Institution(s)	:	Authorised financial institution(s) participating in the Internet Share Application in respect of the payment for our Issue Shares
BLR	:	Base lending rate
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAD software	:	Computer-aided design software
CAGR	:	Compounded annual growth rate
CAM software	:	Computer-aided manufacturing software
CCC	:	Certificate of completion and compliance
CDS	:	Central depository system
CDS Account	:	An account established by Bursa Depository for a depositor to record his deposits or withdrawals of securities and to deal in such securities
CF	:	Certificate of fitness
CMSA	:	Capital Markets and Services Act 2007
CNC machine	:	Computer Numerical Control machine
COA	:	Certificate of accommodation
Constitution	:	Constitution of our Company
COVID-19	:	Coronavirus disease 2019
Director(s)	:	The director(s) of our Company and shall have the meaning given in Section 2 of the CMSA
E&E	:	Electrical and electronics
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EIS	:	Employment Insurance System
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated, distributed, stored or hosted on digital platforms or electronic storage mediums, including but not limited to website, mobile application, email, compact disc, thumb drive and cloud-based storage

DEFINITIONS (CONT'D)

Electronic Share Application	:	Application for our Issue Shares through a Participating Financial Institution's ATMs
Eligible Person(s)	:	Eligible Director(s), employee(s) and business associate(s) who have contributed to the success of our Group
EPF	:	Employees Provident Fund
EPS	:	Earnings per Share
ESG	:	Environmental, social and governance
Factory 1	:	A double-storey factory building annexed with a double-storey office building erected on a leasehold industrial land known as Lot 21062 (formerly known as Lot 521), Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under PM 460 (formerly known as PM 65) located at 1088 Jalan Juru, Kawasan Perindustrian Juru, 14100 Simpang Ampat, Pulau Pinang
Factory 2	:	A single-storey factory building annexed with a double-storey office building erected on a leasehold industrial land known as PT 181, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under HSD 16517 and Lot 20460, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under PN 10893 located at 868, Plot 41, Jalan Perindustrian Bukit Minyak, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang
Factory 3	:	A double-storey factory building with 3-storey office building annexed with a double-storey factory building with warehouse erected on a leasehold land known as Lot 7703, Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under PN 10420 located at 1946, Lorong IKS Bukit Minyak 1, Taman IKS Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang
Financial Periods Under Review	:	FPE 2023 and FPE 2024, collectively
Financial Years Under Review	:	FYE 2021, FYE 2022 and FYE 2023, collectively
FPE	:	Financial period ended 31 May
FYE	:	Financial year ended/ ending 30 September, as the case may be
GP	:	Gross profit
HMLV	:	High mix low volume
IMR or SMITH ZANDER	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V))
IMR Report	:	Independent Market Research Report prepared by SMITH ZANDER
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application, as listed in Section 14.6 of this Prospectus

DEFINITIONS (CONT'D)

Internet Share Application	:	Application for our Issue Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering of our IPO Shares comprising the Public Issue and Offer for Sale, collectively
IPO Price	:	RM0.50 for each IPO Share
IPO Share(s)	:	Issue Shares and Offer Shares, collectively
Issue Share(s)	:	168,989,000 new Shares to be issued pursuant to the Public Issue
Issuing House	:	Malaysian Issuing House Sdn Bhd (Registration No. 199301003608 (258345-X))
Key Senior Management	:	Key senior management of our Group, including our Managing Director and Executive Director and those as set out in Section 4.5 of this Prospectus
Listing	:	Listing of and quotation for the entire enlarged issued share capital of Northeast on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
Lot 1143	:	A piece of vacant freehold land known as Lot 1143, Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under GM 603
Lot 1368	:	A piece of vacant freehold land known as Lot 1368, Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under GM 788
Lot 20449	:	A double-storey bungalow light industry factory erected on a freehold land known as Lot 20449, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under GM2255 located at 8, Lorong Industri Ringan 4, Kawasan Industri Ringan Juru, 14100 Simpang Ampat, Pulau Pinang
LPD	:	30 August 2024, being the latest practicable date prior to the registration of this Prospectus with Bursa Securities
Malaysian Public	:	Malaysian citizens, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	A day on which Bursa Securities is open for trading in securities, which may include a surprise holiday (being a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year)
MBSP	:	Majlis Bandaraya Seberang Prai
MCCG	:	Malaysian Code on Corporate Governance
MCO	:	The nationwide Movement Control Order imposed by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19

DEFINITIONS (CONT'D)

MFRS	:	Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of Investment, Trade and Industry of Malaysia
Moratorium Period	:	Moratorium period of 6 months will be imposed on the sale, transfer or assignment of our Shares held by our Specified Shareholders from the date of our Admission, in accordance with Rule 3.19(1A)(b) of the Listing Requirements
Mountain Range	:	Mountain Range Sdn Bhd (Registration No. 202201038646 (1484343-M))
MyIPO	:	Intellectual Property Corporation of Malaysia
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
New Factory	:	A proposed 2-storey factory with 1 storey sub-basement parking lot to be constructed on Lot 1143
Northeast or Company	:	Northeast Group Berhad (Registration No. 202201025913 (1471610-P))
Northeast Group or Group	:	Our Company and subsidiaries, collectively
Northeast Share(s) or Share(s)	:	Ordinary share(s) in our Company
Offer for Sale	:	Offer for sale of the Offer Shares at the IPO Price by our Selling Shareholders
Offer Share(s)	:	51,800,000 existing Shares to be offered by our Selling Shareholders pursuant to the Offer for Sale
Official List	:	A list specifying all securities listed on Bursa Securities
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Share Application, as listed in Section 14.5 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PDC	:	Penang Development Corporation
Pink Form Allocations	:	29,600,000 Issue Shares made available for application by the Eligible Persons
Promoters	:	The promoters of Northeast, namely Mountain Range, Ng Chay Chin and Chong Ewe Hean, details of which are set out in Section 4.1 of this Prospectus

DEFINITIONS (CONT'D)

Prospectus	:	This Prospectus dated 26 September 2024 in relation to our IPO
Public Issue	:	Public issue of 168,989,000 Issue Shares at the IPO Price comprising: <ul style="list-style-type: none"> (i) 37,000,000 Issue Shares available for application by the Malaysian Public; (ii) 29,600,000 Issue Shares available by the Eligible Persons; (iii) 61,689,000 Issue Shares by way of private placement to Selected Investors; and (iv) 40,700,000 Issue Shares by way of private placement to identified Bumiputera investors approved by the MITI.
QA & QC	:	Quality Assurance and Quality Control
R&D	:	Research and development
Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the SICDA
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
Selected Investors	:	Being the investors that meet the requirements of sophisticated investors in the Guidelines on Categories of Sophisticated Investors issued by the SC and subscribe for our IPO Shares through private placement
Selling Shareholders	:	The selling shareholders pursuant to the Offer for Sale, namely, Ng Chay Chin, Chong Ewe Hean, Ng Chai Hee, Ng Meng Hang, Tang Ah Lek and Yin Thien Hee, details of which are set out in Section 3.3.2 of this Prospectus
Share Registrar	:	Boardroom Share Registrars Sdn Bhd (Registration No. 199601006647 (378993-D))
SICDA	:	Securities Industry (Central Depositories) Act 1991 of Malaysia
SOCISO	:	Social Security Organisation
Specified Shareholder(s)	:	The specified shareholders of Northeast are Mountain Range, Ng Chay Chin, Chong Ewe Hean, Ng Chai Hee, Ng Ai Lee and Chen Bun Chong
sq ft	:	square feet
sq m	:	square meter
UK	:	United Kingdom
Underwriting Agreement	:	The underwriting agreement dated 3 September 2024 entered into between our Company and our Sole Underwriter for the purpose of our IPO
USA	:	United States of America

DEFINITIONS (CONT'D)

Voluntary Moratorium Shareholders : Ng Meng Hang, Tang Ah Lek and Yin Thien Hee, collectively

SUBSIDIARIES OF OUR COMPANY

NE Components : NE Components Sdn Bhd (Registration No. 200901020646 (863743-W))

NE Integrated : NE Integrated Sdn Bhd (Registration No. 201201003919 (977444-P))

NE Solutions : NE Solutions Sdn Bhd (Registration No. 201501018590 (1143922-K))

NE Technologies : NE Technologies Sdn Bhd (Registration No. 200601024605 (744359-T))

Northeast Precision : Northeast Precision Sdn Bhd (Registration No. 200401019379 (657883-H))

CURRENCIES

EUR : Euro, the lawful currency of European Union

GBP : Great Britain Pound, the lawful currency of the UK

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

SGD : Singapore Dollar, the lawful currency of Singapore

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

OUR CUSTOMERS AND SUPPLIERS**Customers**

Customer A group of companies : Customer A is a group of companies comprising 2 companies incorporated in USA ("**Company A1**" and "**Company A2**"), a company incorporated in Russia ("**Company A3**"), a company incorporated in Germany ("**Company A4**"), and a company incorporated in Italy ("**Company A5**"), which are mainly involved in the development, manufacturing and sale of photonics components such as fiber lasers, fiber amplifiers and diode lasers.

Company A2, Company A3, Company A4 and Company A5 are related companies of Company A1, which is listed on the Nasdaq Stock Market.

We are unable to disclose the identities of Customer A group of companies by virtue of the mutual confidentiality and non-disclosure agreement executed with Company A1, which contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Customer A group of companies without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Company A1.

DEFINITIONS (CONT'D)

Customer B group of companies : Customer B is a group of companies comprising a company incorporated in UK (“**Company B1**”), a company incorporated in China (“**Company B2**”), a company incorporated in Poland (“**Company B3**”), and a company incorporated in USA (“**Company B4**”), which are mainly involved in the supply of photonics machine tools, laser equipment and electronics for industrial applications.

Company B1, Company B2, Company B3 and Company B4 are not listed on any stock exchange.

We are unable to disclose the identities of Customer B group of companies by virtue of the confidential disclosure agreement as well as confidentiality and non-use agreement executed with Company B1 and Company B2, respectively as these agreements contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Customer B group of companies without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Company B1.

Customer C group of companies : Customer C is a group of companies comprising a company incorporated in Germany (“**Company C1**”), a company incorporated in Singapore (“**Company C2**”), a company incorporated in Malaysia (“**Company C3**”), and a company incorporated in the UK (“**Company C4**”), which are mainly involved in the manufacturing of semiconductor equipment and surface mount technology equipment.

Company C1, Company C2, Company C3 and Company C4 are held by a parent company incorporated in the Cayman Islands, which is listed on the Hong Kong Stock Exchange.

We are unable to disclose the identities of Customer C group of companies by virtue of the non-disclosure agreement executed with Company C2, which contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Customer C group of companies without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Company C2.

Customer D : Customer D is a company incorporated in Thailand, which is mainly involved in the provision of precision optical, electro-mechanical and electronic manufacturing services for original equipment manufacturers of optical communication components, modules and subsystems, industrial lasers and sensors.

Customer D is the subsidiary of a company incorporated in the Cayman Islands, which is listed on the New York Stock Exchange.

We are unable to disclose the identity of Customer D by virtue of the mutual non-disclosure agreement executed with Customer D which contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Customer D without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Customer D.

DEFINITIONS (CONT'D)

Customer E group of companies : Customer E is a group of companies comprising a company incorporated in USA (“**Company E1**”), a company incorporated in Malaysia (“**Company E2**”) and a company incorporated in Hungary (“**Company E3**”), which are mainly involved in the provision of automated test and measurement system solutions for various industries including the telecommunication industry.

Company E1, Company E2 and Company E3 are held by a parent company incorporated in the USA, which is listed on the New York Stock Exchange.

We are unable to disclose the identities of Customer E group of companies by virtue of the agreement to protect information executed with Company E2 which contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Customer E group of companies without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Company E2.

Customer F group of companies : Customer F is a group of companies comprising a company incorporated in Switzerland (“**Company F1**”) and a company incorporated in Malaysia (“**Company F2**”), which are mainly involved in the manufacturing of vacuum valves, multi-valve units, vacuum modules and edge-welded metal bellows for various industries, including the semiconductor industry.

Company F1 and Company F2 are held by a parent company incorporated in Switzerland, which is listed on the SIX Swiss Exchange.

We are unable to disclose the identities of Customer F group of companies by virtue of the non-disclosure agreement executed with Company F2 as this agreement contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Customer F group of companies without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Company F2.

Customer G group of companies : Customer G is a group of companies comprising a company incorporated in Singapore (“**Company G1**”) and a company incorporated in Sweden (“**Company G2**”), which are mainly involved in the supply of customised mechanical parts and sub-assemblies for various industries, including the semiconductor industry.

Company G1 and Company G2 are not listed on any stock exchange.

We are unable to disclose the identities of Customer G group of companies by virtue of the confidential disclosure agreement executed with Company G1 as this agreement contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Customer G group of companies without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Company G1.

DEFINITIONS (CONT'D)

Suppliers

Supplier A : Supplier A is a company incorporated in Malaysia which is mainly involved in the trading of copper busbars, tapes and other copper products, manufacturing and trading of earthing and lightning materials, as well as trading of other electronic products.

Supplier A is not listed on any stock exchange.

We are unable to disclose the identity of Supplier A as prior written consent requested by us to disclose its name in the Prospectus was not provided by Supplier A.

Supplier B : Supplier B is a company incorporated in Malaysia which, through its subsidiaries, is mainly involved in the manufacturing and trading of aluminium extrusions as well as other aluminium products.

Supplier B is listed on the Main Market of Bursa Securities.

We are unable to disclose the identity of Supplier B as prior written consent requested by us to disclose its name in the Prospectus was not provided by Supplier B.

Supplier C : Supplier C is a sole proprietorship registered in Malaysia which is mainly involved in the provision of CNC machining, surface finishing as well as metal and plastic fabrication services.

Supplier C is not listed on any stock exchange.

We are unable to disclose the identity of Supplier C by virtue of the mutual non-disclosure agreement executed with Supplier C, which contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Supplier C without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Supplier C.

Supplier D : Supplier D is a company incorporated in Malaysia which is mainly involved in the provision of metal engineering services.

Supplier D is not listed on any stock exchange.

We are unable to disclose the identity of Supplier D by virtue of the mutual non-disclosure agreement executed with Supplier D, which contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Supplier D without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Supplier D.

DEFINITIONS (CONT'D)

Supplier E : Supplier E is a company incorporated in Malaysia which is mainly involved in the trading of steel, stainless steel, brass and aluminium, amongst others.

Supplier E is not listed on any stock exchange.

We are unable to disclose the identity of Supplier E by virtue of the mutual non-disclosure agreement executed with Supplier E, which contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Supplier E without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Supplier E.

Supplier F : Supplier F is a company incorporated in Malaysia which is mainly involved in the provision of precision parts machining and assembly services.

Supplier F is not listed on any stock exchange.

We are unable to disclose the identity of Supplier F by virtue of the mutual non-disclosure agreement executed with Supplier F, which contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Supplier F without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Supplier F.

Supplier G : Supplier G is a company incorporated in Malaysia which is mainly involved in the manufacturing of metal components and related parts.

Supplier G is not listed on any stock exchange.

We are unable to disclose the identity of Supplier G by virtue of the mutual non-disclosure agreement executed with Supplier G, which contained non-disclosure clauses that prohibit the disclosure of confidential information in relation to Supplier G without prior written consent. Prior written consent requested by us to disclose its name in the Prospectus was not provided by Supplier G.

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GLOSSARY OF TECHNICAL TERMS

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

Amplifier	:	A device used to increase the voltage, current or power of a signal
Anodic oxide finish	:	An anodic coating created through an electrolytic process to form a protective layer on metal surface
Chromate	:	A chemical compound derived from chromium that is commonly used as surface finishing to achieve certain decorative appearance or functionalities such as to resist corrosion and conduct electricity
Connector	:	A device used to join electric circuits
Electrolyte solution	:	A solution that has the ability to conduct electricity and is commonly used in electrolytic processes
Electrolytic process	:	A process where metal components are submerged in electrolyte solutions, and through the application of electric current, a layer of metal is deposited on the surface of the metal components to achieve decorative or protective functionalities
Electroless nickel	:	A surface finishing where a layer of nickel-phosphorous is deposited on the surface of a component without the use of electric current
Fibre lasers	:	A type of laser that uses optical fibre as the gain medium to generate a stable and narrow light beam which is efficient for applications in various sectors, including manufacturing, healthcare and telecommunication
Glass-to-metal seals	:	An airtight seal between glass and metal that is able to withstand harsh environment (e.g. extreme temperature, moisture, pressure or exposure to chemicals) while allowing the flow of electric current
Graphite	:	A form of carbon that is commonly used as surface finishing to achieve certain functionalities such as to reduce friction, conduct electricity, resist corrosion and withstand high temperatures
Heat sink	:	A device used to disperse heat from electronic devices to prevent overheating
Header	:	A device consisting of one or more rows of pins moulded to a plastic base that act as an interface to allow connection of external wires and components
Industrial optical cameras	:	Imaging devices that are used in industrial applications such as visual inspections and production process monitoring
Micron	:	A unit of length that is commonly used to measure small objects. One micron is one-thousandth of a millimetre or 0.001 millimetre
Nickel sulfamate	:	A solution used in plating processes to deposit nickel on the surface of a component to achieve functionalities such as resist corrosion and conduct electricity

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Optoelectronics	:	The technology of using electronic systems and devices to detect and manipulate light which often involves the interaction of light and electronic signals
Photodiodes	:	Components that convert light into electric current
Photonics	:	The technology of the generation, detection and manipulation of light for various purposes such as communication, imaging and sensing
Radio frequency	:	A form of electromagnetic energy that produces radio waves which enables wireless communication
Rhodium	:	A metal that is able to resist corrosion, enhance durability and provide reflective and bright finishing when coated on the surface of a component
Silver over nickel	:	A surface finishing where a layer of silver is deposited on the surface of a component that has previously been plated with a layer of nickel
Solderability	:	The ability of a material surface to be bonded by solder to form a reliable mechanical and electrical connection.
Surface-mount technology	:	An assembly and production method whereby components are mounted directly onto the surface of a printed circuit board
Terminal	:	A component that is used to facilitate the connection of wires and cables
Ultrasonic cleaning machine	:	A cleaning device that uses vibrations to produce high-frequency sound waves in a solution to remove contaminants on the surface of a component

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Nationality	Address
Dato' Seri Lee Kah Choon	Independent Non-Executive Chairman	Malaysian	961, Tingkat Aman 4 Teluk Air Tawar 13050 Butterworth Pulau Pinang
Ng Chay Chin	Managing Director	Malaysian	2, Jalan Bukit Minyak Permai 1 Taman Bukit Minyak Permai 14000 Bukit Mertajam Pulau Pinang
Chong Ewe Hean	Executive Director	Malaysian	119-08-3A, Putra Marine Resort Bayan Indah Sungai Nibong 11900 Bayan Lepas Pulau Pinang
Dato' Faiza Binti Zulkifli (f)	Independent Non-Executive Director	Malaysian	51, Jalan Suarasa 4/1 Avenue 4 Lake Valley Bandar Tun Hussein Onn 43200 Cheras Selangor
Ong Kim Nam	Independent Non-Executive Director	Malaysian	9-3-3, The Waterfront Persiaran Tanjung Bungah 11200 Tanjung Bungah Pulau Pinang
Ong Guat Ean (f)	Independent Non-Executive Director	Malaysian	3, Solok Jelutong 11600 George Town Pulau Pinang

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Ong Kim Nam	Chairman	Independent Non-Executive Director
Dato' Faiza Binti Zulkifli (f)	Member	Independent Non-Executive Director
Ong Guat Ean (f)	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (CONT'D)

NOMINATION COMMITTEE

Name	Designation	Directorship
Ong Guat Ean (f)	Chairman	Independent Non-Executive Director
Dato' Faiza Binti Zulkifli (f)	Member	Independent Non-Executive Director
Ong Kim Nam	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Faiza Binti Zulkifli (f)	Chairman	Independent Non-Executive Director
Ong Guat Ean (f)	Member	Independent Non-Executive Director
Ong Kim Nam	Member	Independent Non-Executive Director

Note:

(f) refers to female

COMPANY SECRETARY

: Ch'ng Lay Hoon
Suite 12-A, Level 12, Menara Northam
55 Jalan Sultan Ahmad Shah
10050 George Town
Pulau Pinang

Telephone No. : +604 228 0511
Professional : Malaysian Institute of Chartered
qualification Secretaries and Administrators
("MAICSA") (MAICSA Membership
No.: 0818580 / SSM PC. No.:
201908000494)

REGISTERED OFFICE

: Suite 12-A, Level 12, Menara Northam
55 Jalan Sultan Ahmad Shah
10050 George Town
Pulau Pinang

Telephone No. : +604 228 0511
E-mail : general@enetcorpsb.com

CORPORATE DIRECTORY (CONT'D)

- HEAD/MANAGEMENT OFFICE** : 1946, Lorong IKS Bukit Minyak 1
Taman IKS Bukit Minyak
14100 Simpang Ampat
Pulau Pinang
- Telephone No. : +604 502 0303
Website : www.northeast.my
E-mail : info@northeast.my
- PRINCIPAL ADVISER,
SPONSOR, SOLE PLACEMENT
AGENT AND SOLE
UNDERWRITER** : Affin Hwang Investment Bank Berhad
Level 33, Menara AFFIN
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur
- Telephone No. : +603 2142 3700
- AUDITORS AND REPORTING
ACCOUNTANTS** : BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206))
Chartered Accountants
51-21-F, Menara BHL
Jalan Sultan Ahmad Shah
10050 Pulau Pinang
- Telephone No. : +604 222 0149
Partner in-charge : Goh Chee Beng
Approval No. : 03535/11/2024 J
Professional qualification : Chartered Accountant,
Malaysian Institute of Accountants
(Membership no. 43250)
- SOLICITORS** : Wong Beh & Toh
1st Floor, Nos. 173 & 174
Jalan Kelab Cinta Sayang
Taman Ria Jaya
08000 Sungai Petani
Kedah
- Telephone No. : +604 442 9081
- INDEPENDENT MARKET
RESEARCHER** : Smith Zander International Sdn Bhd
15-01, Level 15, Menara MBMR
1 Jalan Syed Putra
58000 Kuala Lumpur
- Telephone No. : +603 2732 7537
Managing Partner : Dennis Tan Tze Wen
Professional qualification : Bachelor of Science from Memorial
University of Newfoundland, Canada

(Please refer to Section 7 of this Prospectus for the profile of the firm and signing partner)

CORPORATE DIRECTORY (CONT'D)

SHARE REGISTRAR : Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

Telephone No. : +603 7890 4700
Fax No. : +603 7890 4670

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11th Floor, Menara Symphony
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LISTING SOUGHT : ACE Market of Bursa Securities

SHARIAH STATUS : Approved by the SAC

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1. APPROVALS AND CONDITIONS

1.1 APPROVALS AND CONDITIONS

1.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 19 June 2024, approved our Admission and Listing on the ACE Market.

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

No.	Conditions	Status of compliance
1.	Submission of the following information with respect to the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares.	To be complied
2.	Confirmation that approvals from other relevant authorities have been obtained for implementation of the listing proposal;	To be complied
3.	The Bumiputera equity requirements for public listed companies as approved/ exempted by the SC including any conditions imposed thereon;	To be complied
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
5.	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 Northeast on the first day of listing;	To be complied
6.	In relation to public offering to be undertaken by Northeast, to announce at least 2 market days prior to the listing date, the result of the offering including the following: (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 Bursa Securities' approval letter; and (iv) Disclosure of placees who become substantial shareholders of Northeast arising from the public offering, if any. Please be reminded that Affin Hwang IB must ensure that the overall distribution of Northeast's securities is properly carried out to mitigate any disorderly trading in the secondary market; and	To be complied
7.	Northeast/ Affin Hwang 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 Northeast to the Official List of ACE Market.	To be complied

1. APPROVALS AND CONDITIONS (CONT'D)

1.1.2 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 24 June 2024, approved the resultant equity structure of our Company pursuant to our Listing under the Bumiputera equity requirements for public listed companies, subject to our Company allocating Shares equivalent to 12.50% of our enlarged number of issued Shares to Bumiputera investors to be approved by the MITI. In addition, our Company is to make available at least 50% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors.

1.1.3 MITI

The MITI had, vide its letter dated 9 May 2024, indicated that it has no objection to our Listing.

1.1.4 SAC

The SAC had, vide its letter dated 24 April 2024, classified our Shares as Shariah-compliant securities based on our audited combined financial statements for the FYE 2023 and pro forma consolidated statements of financial position as at 30 September 2023.

1.2 MORATORIUM ON OUR SHARES

As at the date of submission of our listing application to Bursa Securities, we have met the quantitative criteria for admission to the Main Market of Bursa Securities. Hence, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Specified Shareholders for a period of 6 months from the date of our admission to the Official List in accordance with Rule 3.19(1A)(b) of the Listing Requirements.

Affin Hwang IB, being the Sponsor to our Company for the Listing, confirms that our Group has met the quantitative criteria for admission to the Main Market of Bursa Securities as at the date of submission of the listing application to Bursa Securities pursuant to Rule 3.19(1A)(b) of the Listing Requirements.

The moratorium shall also apply to the shareholders of Mountain Range, namely Ng Chay Chin, Chong Ewe Hean, Ng Chai Hee, Ng Meng Hang, Tang Ah Lek and Yin Thien Hee, who have collectively provided an undertaking that they will not sell, transfer or assign their respective shares in Mountain Range during the Moratorium Period in accordance with Rule 3.19 of the Listing Requirements.

In addition, Ng Meng Hang, Tang Ah Lek and Yin Thien Hee, who are the shareholders of Mountain Range, have also undertaken not to sell, transfer or assign any of their shareholdings in our Company during the Moratorium Period.

1. APPROVALS AND CONDITIONS (CONT'D)

The details of our Shares that will be placed under moratorium are as follows:

	No. of Shares to be held under moratorium	(i)(ii)%
Specified Shareholders and substantial shareholders		
Mountain Range	397,321,608	53.69
Ng Chay Chin	29,600,000	4.00
Chong Ewe Hean	25,900,000	3.50
Specified Shareholders		
Ng Chai Hee	8,880,000	1.20
Ng Ai Lee	2,000,000	0.27
Chen Bun Chong	2,000,000	0.27
Voluntary Moratorium Shareholders		
Ng Meng Hang	18,500,000	2.50
Tang Ah Lek	22,200,000	3.00
Yin Thien Hee	7,400,000	1.00
Total	513,801,608	69.43

Notes:

- (i) Assuming the Pink Form Allocations are fully subscribed by the Eligible Persons.
- (ii) Based on the enlarged issued share capital of 740,000,000 Shares after our IPO.

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

The moratorium restrictions are specially endorsed on the share certificates representing the Shares held by the Specified Shareholders and Voluntary Moratorium Shareholders which are under moratorium to ensure that our Share Registrar does not register any sale, transfer or assignment that contravenes with such restrictions. In compliance with the restrictions, our Share Registrar will issue share certificates representing the moratorium block of Shares with the moratorium clause endorsed on them together with a letter providing details of the moratorium to Bursa Depository.

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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

Subject to the terms and conditions of this Prospectus, our Public Issue of 168,989,000 Issue Shares and Offer for Sale of 51,800,000 Offer Shares shall be allocated in the following manner:

	No. of IPO Shares
Public Issue	
- Malaysian Public	37,000,000
- Eligible Persons	29,600,000
- Selected Investors	61,689,000
- Identified Bumiputera investors approved by the MITI	40,700,000
	168,989,000
Offer for Sale	
- Identified Bumiputera investors approved by the MITI	51,800,000
Total	220,789,000
Enlarged issued share capital upon Listing	RM225,161,874 comprising 740,000,000 Shares
IPO Price	RM0.50
Market capitalisation upon Listing (based on our IPO Price and enlarged issued share capital upon Listing)	RM370,000,000

Please refer to Section 3 of this Prospectus for further details of our IPO.

As at the date of submission of our listing application to Bursa Securities, we have met the quantitative criteria for admission to the Main Market of Bursa Securities. Hence, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Specified Shareholders for the Moratorium Period in accordance with Rule 3.19(1A)(b) of the Listing Requirements. In addition, the Voluntary Moratorium Shareholders have voluntarily undertaken not to sell, transfer or assign any of their shareholdings in our Company during the Moratorium Period.

Please refer to Section 1.2 of this Prospectus for further details of the moratorium on our Shares.

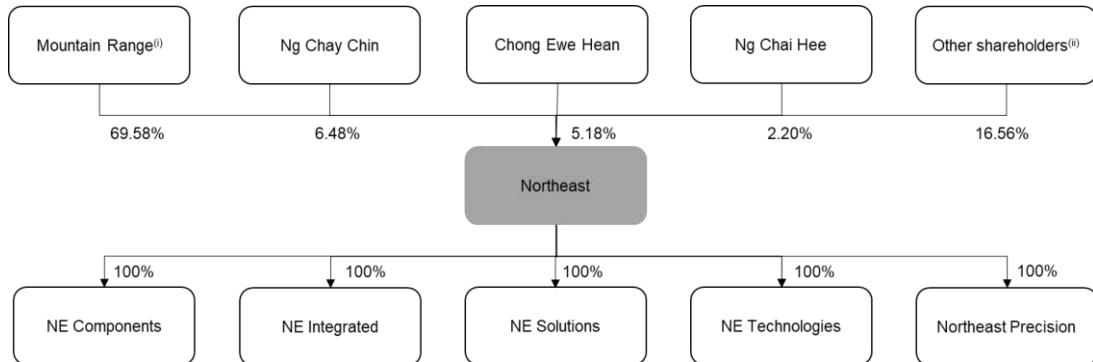
2.2 OUR BUSINESS

Our Company was incorporated in Malaysia under the Act on 18 July 2022 as a private company limited by shares under the name Northeast Group Sdn Bhd. On 5 January 2024, we completed the Acquisitions which resulted in NE Components, NE Integrated, NE Solutions, NE Technologies and Northeast Precision becoming our wholly-owned subsidiaries. Subsequently, on 10 January 2024, our Company was converted to a public limited company to facilitate our Listing and assumed our current name.

We are an investment holding company. Through our subsidiaries, we are principally involved in the manufacturing of precision engineering components used in the photonics, E&E, semiconductor, telecommunication and optoelectronics industries. The history of our Group can be traced back to 2004 with the incorporation of Northeast Precision. Please refer to Section 6.1 of this Prospectus for further details on the history and key business milestones of our Group's business operations since 2004.

2. PROSPECTUS SUMMARY (CONT'D)

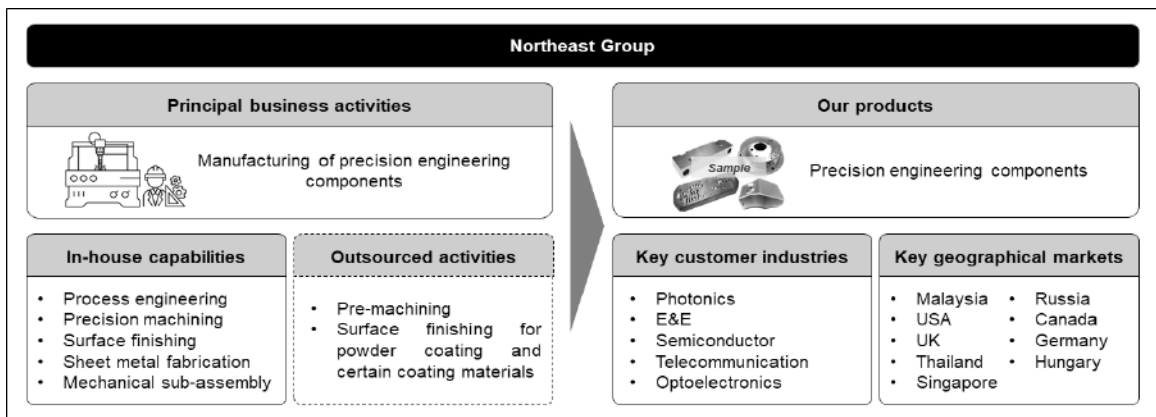
As at the LPD, our group structure is as follows:



Notes:

- (i) Mountain Range is owned by Ng Chay Chin (45.30%), Chong Ewe Hean (26.70%), Ng Meng Hang (13.50%), Tang Ah Lek (8.70%), Yin Thien Hee (3.20%) and Ng Chai Hee (2.60%).
- (ii) Consists of 4 shareholders, namely Ng Meng Hang (6.61%), Tang Ah Lek (6.09%), Yin Thien Hee (2.20%) and Huang HongHui (1.65%).

A summary of our business model is as follows:



Our revenue was mainly contributed by sales to overseas customers, which accounted for approximately 78.32%, 77.15%, 73.90% and 71.47% of our Group's total revenue for the Financial Years Under Review and FPE 2024 respectively. Our Group's remaining revenue was contributed by sales to local customers, representing approximately 21.68%, 22.85%, 26.10% and 28.53% of our Group's total revenue for the Financial Years Under Review and FPE 2024 respectively. As for revenue from overseas customers, USA was the largest contributor at approximately 48.34%, 39.84%, 32.78% and 26.98% to our Group's total revenue in the Financial Years Under Review and FPE 2024 respectively.

Please refer to Sections 5 and 6 of this Prospectus for further details of our Group and business respectively.

2.3 OUR COMPETITIVE STRENGTHS

- (i) **We have an established history in the manufacturing of precision engineering components**

We have an established history of approximately 20 years since we commenced our business in 2004 in the manufacturing of precision engineering components. Our industry experience gained throughout the years has led to the expansion of our business, thus allowing us to establish ourselves as a reputable manufacturer of precision engineering components, evidenced by our long-standing relationships with our customers.

2. PROSPECTUS SUMMARY (CONT'D)

We believe that our established history as a manufacturer of precision engineering components have formed a solid foundation and enhanced our reputation for us to continue securing sales from our existing as well as new customers to drive the growth of our Group.

(ii) Our engineering and machining capabilities as well as industry know-how enable us to consistently meet our customers' requirements and expectations

The growth of our Group is backed by our engineering and machining capabilities. As at the LPD, we have 4 engineering managers (2 each from the engineering and production departments) who are involved in leading the process engineering and continuous improvement of our machining and manufacturing process. We have 277 units of CNC machines as at 30 September 2023 and 31 May 2024, that are able to perform precision machining on various types of materials.

We actively engage with our customers to keep abreast on industry updates as well as gain feedback and industry insights, including understanding the application of our precision engineering components in their production/assembly process or end-products. Further, we keep abreast with the latest manufacturing technology and engineering knowledge by referring to publications such as Photonics Spectra. Our Group believes that with our engineering and machining capabilities as well as our knowledge and industry know-how, we will be able to continue meeting the needs of our customers by achieving their product requirements and specifications.

(iii) We have an export-oriented business and long-standing relationships with our customers

We have an export-oriented business with export sales accounting for approximately 78.32%, 77.15%, 73.90% and 71.47% to our total revenue in the Financial Years Under Review and FPE 2024 respectively where our products were exported to, amongst others, USA, UK, Thailand, Singapore, Russia, Canada, Germany and Hungary.

Our ability to secure sales from international customers is attributed to the quality of our products which meet their stringent internal QA & QC measures as well as internationally recognised standards. In addition, our ability to deliver products to our customers in a timely manner, as well as provide value-added services upon request, have resulted in repeat orders from our customers.

The abovementioned factors have been pivotal in maintaining our reputation and customers' confidence towards our manufacturing and engineering capabilities, thus allowing our Group to establish long-standing relationships with our customers. In the Financial Years Under Review and FPE 2024, all of our major customers have established at least 8 years of business relationship with our Group and out of which, 5 of them have established at least 10 years of business relationship with us as at the LPD.

(iv) The quality of our products is attested by our adherence to quality control measures and our compliance to internationally recognised standards

Our ability to maintain consistency in the quality of our products is critical in building confidence in our customers. We ensure the quality and consistency of our products by undertaking quality control measures set out by our QA & QC team throughout our manufacturing process. Products that do not meet our internal standards will be rejected during the quality control stage. In the Financial Years Under Review and FPE 2024, our Group had recorded product return rates of approximately 0.61%, 0.60%, 1.03% and 0.32% respectively, in which the defective products were reworked, if possible, or replaced by our Group with new products.

2. PROSPECTUS SUMMARY (CONT'D)

Our Group has been awarded with certifications which attest to the standard of quality of our products. Our Group is in compliance with the internationally recognised standard of ISO 9001:2015 Quality Management System in respect of manufacturing and assembly of mechanical components for telecommunication, electronics, aerospace and automotive industries. In FYE 2023 and FPE 2024, we had 69 and 78 recurring customers out of our total customer base of 79 and 86 customers, accounting for approximately 87.34% and 90.70% of our total customer base respectively.

(v) We have an experienced and hands-on Key Senior Management team

Our Group is led by our Managing Director, Executive Director and Key Senior Management who have accumulated years of experience in their respective fields and they possess the relevant expertise, industry experience and in-depth knowledge of our business operations. Our Managing Director and Executive Director are supported by our Key Senior Management team who has in-depth industry knowledge and strong functional expertise with years of experience in their respective fields. We believe our Key Senior Management team and their strong commitment to our Group can underpin our growth in the future as we continue to expand.

Please refer to Section 6.4 of this Prospectus for further details of our competitive strengths.

2.4 OUR FUTURE PLANS AND BUSINESS STRATEGIES

(i) Expand production capacity by constructing the New Factory

As at the LPD, our business activities are carried out at 3 factories located in Juru and Bukit Minyak, Pulau Pinang with a total built-up area of approximately 208,468.19 sq ft. As at the LPD, all the production floor space in our factories are fully utilised. Notwithstanding this, the utilisation rate of our CNC milling, CNC turning and CNC automatic lathe machines were approximately 73.30%, 85.10% and 93.70%, respectively, for FYE 2023 and 64.80%, 89.84% and 93.76% respectively for FPE 2024. Please refer to Section 6.13 of this Prospectus for further details on our operating capacity and utilisation rate.

In order to continue expanding our business by securing additional orders and growing our customer base, it is crucial for our Group to expand our production floor space as well as production capacity to cater for our production needs. Hence, our Group intends to construct the New Factory, which is expected to have a total production floor space of approximately 79,020 sq ft and can accommodate approximately 200 units of CNC machines to support our production activities. We intend to commence the construction of the New Factory in the 4th quarter of 2024, and to commence operations in the 1st quarter of 2027. Please refer to Section 3.7.1 of this Prospectus for further details on the breakdown of the construction cost and tentative timeline for the construction of the New Factory.

(ii) Purchase new CNC machines to support our production capacity expansion

In line with our plan to expand our production capacity by setting up the New Factory, we intend to purchase 36 units of new CNC machines (comprising CNC milling, CNC turning, CNC turn-mill, CNC automatic lathe and CNC indexer) to support our production needs.

The CNC machines to be purchased are expected to increase our estimated annual operating capacity as set out in Section 6.5.2 of this Prospectus. The increase in estimated annual operating capacity will enable us to meet anticipated demand from our customers in terms of order volumes, complexity as well as to shorten delivery lead time. This is also in line with our aim to grow our customer base and serve more local and international customers for our future business growth and expansion.

Please refer to Section 6.5 of this Prospectus for further details of our future plans and business strategies.

2. PROSPECTUS SUMMARY (CONT'D)

2.5 RISK FACTORS

The following is a summary of the key risk factors that we face in our business and operations:

(i) We are dependent on a major customer

We are dependent on a major customer, namely Customer A group of companies which contributed approximately 50.95%, 46.90%, 33.77% and 24.49% to our Group's revenue for the Financial Years Under Review and FPE 2024 respectively. Customer A group of companies have been our customer since 2006, where we supply precision engineering components to them for application in the photonics industry.

As we are dependent on Customer A group of companies, any substantial delay in the receipt of orders or decrease in the value of orders from Customer A group of companies could have an adverse effect on our financial performance. Further, as we do not enter into any long-term contracts with our customers, including Customer A group of companies, there is no assurance that Customer A group of companies will continue to purchase our products in the future or that demand from them will be sustained at current level in the future.

(ii) We are dependent on export markets

We are dependent on export markets as a majority of our sales are derived from overseas customers. In the Financial Years Under Review and FPE 2024, our export sales contributed approximately 78.32%, 77.15%, 73.90% and 71.47% to our Group's revenue respectively. Any unfavourable changes in economic, political and/or legal environments in countries which we export our products to, including, amongst other, USA, UK, Thailand, Singapore, Russia, Canada, Germany and Hungary, may result in a decrease in the demand for our products and may materially affect our financial performance.

(iii) We are subject to foreign exchange fluctuation risks which may impact the profitability of our Group

We are exposed to the risk of foreign exchange fluctuations as our export sales and some of our local sales are transacted in foreign currencies. Our local sales which are transacted in foreign currencies, mainly USD, are generated from multinational corporations located in Malaysia. In the Financial Years Under Review and FPE 2024, our export sales and local sales which are denominated in foreign currencies accounted for approximately 82.38%, 79.16%, 77.19% and 76.08% of our Group's revenue respectively.

In the Financial Years Under Review and FPE 2024, more than 90% of our purchases are denominated in RM; hence, our exposure to foreign exchange transaction risk for our purchases is minimal.

We do not use any financial instrument to hedge our exposure against transactions in foreign currency. As such, our revenue denominated in foreign currencies is subject to foreign exchange fluctuation risk, especially USD, as more than 60.00% of our revenue in the Financial Years Under Review and FPE 2024 were denominated in USD.

(iv) We are dependent on our Managing Director, Executive Director and Key Senior Management for the continued success and growth of our business

The future growth and continuing success of our Group largely depend on the continuous contributions and involvement of our Managing Director, Executive Director and Key Senior Management. Our Managing Director, Ng Chay Chin, and Executive Director, Chong Ewe Hean, who have approximately 30 years and 31 years of experience in the precision engineering components manufacturing industry respectively, are responsible for steering the overall strategic direction of our Group.

2. PROSPECTUS SUMMARY (CONT'D)

Therefore, the loss of any of our Managing Director, Executive Director and Key Senior Management simultaneously or within a short period of time may have an unfavourable impact on our Group's operations and the future growth of our business.

(v) We are dependent on our engineering managers and technicians

Our Group is dependent on our engineering managers and technicians to perform our business operations. Our engineering managers are involved in leading the process engineering and continuous improvement of our machining and manufacturing process. Our technicians, who are also part of our engineering team, are mainly involved in setting up the machinery for the production of precision engineering components, as well as performing upkeep on our machinery, tools and equipment.

The loss of a substantial number of our Group's engineering managers and technicians simultaneously or within a short period of time without any suitable or timely replacements, or our inability to attract or retain competent engineering managers and technicians, may adversely affect our ability to compete and grow in the industry.

(vi) We may not be able to successfully implement our future plans and business strategies

We plan to grow our Group's business by expanding our production capacity, through our future plans and business strategies as follows:

- (a) expand our production capacity by constructing the New Factory; and
- (b) purchase new CNC machines to support our production capacity expansion.

The execution of our future plans and business strategies is subject to additional expenditure, such as capital expenditure, operational expenditure and other working capital requirements. Such additional expenditure may adversely affect our profit margin if we are unable to secure sufficient sales following the implementation of these future plans and business strategies. Furthermore, the implementation of these plans and business strategies may be influenced by factors beyond our control, such as changes in general market conditions, economic climate as well as political environment in Malaysia and other countries in which we export our products to, which may affect the commercial viability of such plans and business strategies.

(vii) The absence of long-term contracts with customers may result in the fluctuation of our Group's financial performance

We do not enter into any long-term contracts with our customers as our customers generally purchase precision engineering components from us by way of purchase orders. The absence of long-term contracts is mainly due to the nature of our business where we focus on HMLV manufacturing to manufacture unique and complex components with specific quality requirements and in small quantities.

As we do not have any long-term contracts with our customers, we are exposed to the risk of losing our customers as they are not obliged to purchase from us. In the event of a loss of any of our customers, particularly our major customers, as well as being unable to secure additional sales from existing customers or secure new customers in a timely manner, our financial performance may be adversely affected.

(viii) Our business operations are exposed to unexpected interruptions or delays caused by equipment failures, fire, natural disasters, force majeure events and outbreak of infectious diseases, which may be beyond our control

We rely on a diverse range of machinery and equipment to manufacture precision engineering components. These machinery and equipment may, on occasion, be out of service due to unanticipated failure or damage sustained during operations. Our business is also subject to loss due to events that are beyond our control such as fire, which may cause damage or destruction of all or part of our manufacturing facilities and

2. PROSPECTUS SUMMARY (CONT'D)

machinery and equipment. Further, our business operations may also be affected by the occurrence of unexpected power failure and adverse weather conditions or natural disasters such as floods or storms.

In the event we have to halt our operations due to the abovementioned incidences, we will still be required to incur certain operating expenses such as labour costs and utility costs. Our Group's operations and financial performance may be adversely affected should the interruptions occur for a prolonged period of time.

(ix) We are exposed to credit risk and default payment by customers

In FYE 2023 and FPE 2024, we grant our customers a credit period of 30 days to 120 days upon the delivery of goods. In the event of not receiving payment within the credit period or a default in payment by our customers, our operating cash flows or financial results may be adversely affected. Further, it may also lead to impairment losses on trade receivables or the writing-off of trade receivables as bad debts, which may adversely affect our financial performance.

(x) Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities such as fire, theft, armed robbery, machinery breakdown, amongst others. As at the LPD, we have a total sum insured of approximately RM140.27 million. Nonetheless, the insurance policies we have purchased are subject to limitations and exclusions of liability in terms of events that occur as well as the amount insured. As such, our Group's policies may be inadequate to cover all losses or liabilities suffered due to the occurrence of any unexpected events in the future.

(xi) We are exposed to regulatory risk

We are exposed to regulatory compliance risk as our business operations are subject to various laws, regulations and rules.

As disclosed in Note (i) of Annexure B of this Prospectus, NE Components, NE Integrated and NE Technologies have yet to comply with one of the conditions of their manufacturing licences, namely total full-time workforce shall comprise at least 80% Malaysians by 31 December 2024. There is no assurance that NE Components, NE Integrated and NE Technologies will be able to meet such condition by 31 December 2024. In the event such condition is not met by 31 December 2024 and there is no further extension of time granted by MITI, MITI may take action by issuing warnings, imposing penalties or additional conditions or restrictions, suspending and/or revoking our manufacturing licences for any breach or non-compliance of the condition. Our Group's operations and financial performance will be materially affected if the manufacturing licences of NE Components, NE Integrated and NE Technologies are revoked.

(xii) We may not be able to secure funding, especially on terms acceptable to us, to meet our capital requirement

Our ability to obtain external financing is subject to various uncertainties, including our future results of operations, financial condition and cash flows, the performance of the Malaysia economy and the overseas markets in which we export our products to, the cost of financing and the condition of financial markets, and the continuing willingness of banks to provide new loans. There is no assurance that any required financing, either on a short-term or long-term basis, will be made available to us on terms satisfactory to us or at all.

Please refer to Section 8 of this Prospectus for further details of our risk factors.

2. PROSPECTUS SUMMARY (CONT'D)

2.6 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

Name	Nationality/ Country of incorporation	Before our IPO/ As at the LPD				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Promoters and substantial shareholders									
Mountain Range	Malaysia	397,321,608	69.58	-	-	397,321,608	53.69	-	-
Ng Chay Chin	Malaysian	37,000,000	6.48	⁽ⁱⁱⁱ⁾ 397,321,608	69.58	29,600,000	4.00	⁽ⁱⁱⁱ⁾ 397,321,608	53.69
Chong Ewe Hean	Malaysian	29,600,000	5.18	⁽ⁱⁱⁱ⁾ 397,321,608	69.58	25,900,000	3.50	⁽ⁱⁱⁱ⁾ 397,321,608	53.69
Substantial shareholders									
Ng Meng Hang	Malaysian	37,740,000	6.61	-	-	18,500,000	2.50	-	-
Tang Ah Lek	Malaysian	34,780,000	6.09	-	-	22,200,000	3.00	-	-

Notes:

- (i) Based on the issued share capital of 571,011,000 Shares before our IPO/as at the LPD.
- (ii) Based on the enlarged issued share capital of 740,000,000 Shares after our IPO.
- (iii) Deemed interest by virtue of his interest in Mountain Range pursuant to Section 8 of the Act.

Please refer to Section 4.1 of this Prospectus for further details of our Promoters and substantial shareholders.

2. PROSPECTUS SUMMARY (CONT'D)

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as follows:

Name	Designation
<u>Directors</u>	
Dato' Seri Lee Kah Choon	Independent Non-Executive Chairman
Ng Chay Chin	Managing Director
Chong Ewe Hean	Executive Director
Dato' Faiza Binti Zulkifli	Independent Non-Executive Director
Ong Kim Nam	Independent Non-Executive Director
Ong Guat Ean	Independent Non-Executive Director
<u>Key Senior Management</u>	
Ng Chai Hee	Senior Operations Director
Yin Thien Hee	Senior Business & Sales Director
Tan Suat Hoon	Chief Financial Officer

Please refer to Sections 4.2 and 4.5 of this Prospectus for further details of our Directors and Key Senior Management respectively.

2.8 USE OF PROCEEDS

We expect to use the gross proceeds raised from our Public Issue in the following manner:

Details of the use of proceeds	Estimated timeframe for the use of proceeds from the date of our Listing	RM'000	%
Construction of the New Factory	Within 36 months	40,000	47.34
Repayment of bank borrowings	Within 12 months	20,000	23.67
Purchase of new CNC machines	Within 36 months	12,378	14.65
Working capital	Within 12 months	5,516	6.53
Estimated listing expenses	Within 1 month	6,600	7.81
Total		84,494	100.00

Please refer to Section 3.7 of this Prospectus for further details of the use of proceeds raised from our Public Issue.

The total gross proceeds to be raised from the Offer for Sale amounting to approximately RM25.90 million will accrue entirely to our Selling Shareholders.

2.9 BUSINESS INTERRUPTIONS

Our Group had not experienced any material interruptions which has significantly affected our business during the past 12 months preceding the LPD.

Notwithstanding this, we experienced temporary suspension of business operations during the 1st MCO (i.e. 18 March 2020 to 18 April 2020) and during the period when our Factory 1 was temporarily closed for 6 days in August 2021 for disinfection as instructed by the Ministry of Health Malaysia due to the positive COVID-19 cases amongst our employees. Although we experienced slight delays in sales order delivery due to the temporary suspension as mentioned as well as disruption in logistics chain following the global supply chain disruption and container shortage, there was no material adverse impact on our sales and delivery schedule during the COVID-19 pandemic. We had informed our customers of the potential delay in delivery schedule when required, and we did not receive any penalty claims against our Group from our customers arising from the delays.

2. PROSPECTUS SUMMARY (CONT'D)

The outbreak of COVID-19 pandemic had also led to an increase in raw material prices in 2021 and 2022 due to the global supply chain disruptions. However, there was no material impact to our financial performance as we were able to pass on the increased cost to our customers.

Please refer to Section 6.18 of this Prospectus for further details of business interruptions to our Group.

2.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out the key financial and operational highlights of our Group for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	113,207	144,515	93,335	65,745	62,212
Cost of sales	(78,377)	(89,738)	(57,885)	(39,060)	(38,313)
GP	34,830	54,777	35,450	26,685	23,899
PBT	25,299	47,802	23,336	17,984	16,384
PAT	19,816	38,071	18,360	13,935	12,364
Total equity attributable to common controlling shareholders of the combining entities/ owners of the parent	89,032	126,383	142,743	140,318	155,108
Total borrowings	24,543	23,517	31,053	32,109	28,818
Key financial ratios:					
GP margin (%)	30.77	37.90	37.98	40.59	38.42
PBT margin (%)	22.35	33.08	25.00	27.35	26.34
PAT margin (%)	17.50	26.34	19.67	21.20	19.87
Basic and diluted EPS (sen)	2.68	5.14	2.48	1.88	1.67
Current ratio (times)	2.45	5.00	6.46	6.38	10.84
Gearing ratio (times)	0.28	0.19	0.22	0.23	0.19
Net gearing ratio (times)	(0.32)	(0.38)	(0.36)	(0.34)	(0.36)

Please refer to Section 11 of this Prospectus for further details of our financial information.

2.11 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. As we are a holding company, our ability to pay dividends will depend on the dividends or other distributions that we receive from our subsidiaries. The payment of dividends by our subsidiaries is dependent on their distributable profits, financial performance, cash flow requirements for operations and capital expenditures and any other factors.

For information purposes, the table below sets out the dividend declared by our Group for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividend declared	-	1,020	2,000	-	-
PAT	19,816	38,071	18,360	13,935	12,364

Save as disclosed above, our Group does not intend to declare or pay any dividend prior to our Listing.

Please refer to Section 11.8 of this Prospectus for further details of our dividend policy.

3. DETAILS OF OUR IPO

3.1 OPENING AND CLOSING OF APPLICATION

The Application for our Issue Shares will open at 10.00 a.m. on 26 September 2024 and close at 5.00 p.m. on 3 October 2024. Late applications will not be accepted.

3.2 INDICATIVE TIMETABLE

The indicative timetable for our IPO is set out below:

Event	Time / date
Issuance of Prospectus/ Opening of Application	10.00 a.m., 26 September 2024
Closing of Application	5.00 p.m., 3 October 2024
Balloting of Application	7 October 2024
Allotment/ transfer of our IPO Shares to successful applicants	14 October 2024
Listing	15 October 2024

If there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia and announce it on Bursa Securities' website accordingly.

3.3 PARTICULARS OF OUR IPO

Our IPO consists of the Public Issue and Offer for Sale, totalling 220,789,000 IPO Shares, representing approximately 29.84% of our enlarged issued share capital.

3.3.1 Public Issue

Our Public Issue of 168,989,000 Issue Shares, representing approximately 22.84% of our enlarged issued share capital, will be allocated in the following manner, at the IPO Price, subject to the clawback and reallocation provisions as set out in Section 3.3.4 of this Prospectus:

(i) Malaysian Public

37,000,000 Issue Shares, representing approximately 5.00% of our enlarged issued share capital, will be made available for application by the Malaysian Public by way of balloting as follows:

- (a) 18,500,000 Issue Shares, representing approximately 2.50% of our enlarged issued share capital, will be made available to the Bumiputera Malaysian Public; and
- (b) 18,500,000 Issue Shares, representing approximately 2.50% of our enlarged issued share capital, will be made available to the Malaysian Public.

3. DETAILS OF OUR IPO (CONT'D)

(ii) Eligible Persons

29,600,000 Issue Shares (being Pink Form Allocations), representing 4.00% of our enlarged issued share capital, will be made available for application by the Eligible Persons. The details are as follows:

Eligible Persons	No. of persons	Aggregate no. of Issue Shares allocated
Eligible Directors ⁽ⁱ⁾	4	3,700,000
Eligible employees and business associates who have contributed to the success of our Group ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	250	25,900,000
Total	254	29,600,000

Notes:

- (i) The allocation to eligible Directors is based on, amongst others, their respective roles, responsibilities and anticipated contributions to our Group. The allocation of Issue Shares reserved for the eligible Directors is as follows:

Name	Designation	No. of Issue Shares allocated
Dato' Seri Lee Kah Choon	Independent Non-Executive Chairman	1,300,000
Dato' Faiza Binti Zulkifli	Independent Non-Executive Director	800,000
Ong Kim Nam	Independent Non-Executive Director	800,000
Ong Guat Ean	Independent Non-Executive Director	800,000
Total		3,700,000

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

- (a) the eligible employee must be a full-time and confirmed employee of our Group and on our Group's payroll; and
- (b) seniority, job grade, length of service, past performance and contributions to our Group and any other factors considered relevant by our Board.

- (iii) The criteria of allocation to eligible business associates are based on, amongst others, their length of business relationship with our Group, current and past contributions and support to our Group, and as approved by our Board. This may include our customers, suppliers, sub-contractors and business associates who have contributed to the success of our Group.

Save for their Pink Form Allocations, our Company is not aware as to whether any of our substantial shareholders, Directors or Key Senior Management have the intention to subscribe for our IPO Shares.

3. DETAILS OF OUR IPO (CONT'D)

(iii) Private placement to Selected Investors

61,689,000 Issue Shares, representing approximately 8.34% of our enlarged issued share capital, will be made available for application by way of private placement to Selected Investors.

(iv) Private placement to identified Bumiputera investors approved by the MITI

40,700,000 Issue Shares, representing 5.50% of our enlarged issued share capital, will be made available for application by way of private placement to identified Bumiputera investors approved by the MITI.

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3. DETAILS OF OUR IPO (CONT'D)

3.3.2 Offer for Sale

Our Selling Shareholders will offer a total of 51,800,000 Offer Shares, representing approximately 9.07% of our existing issued share capital as at the LPD or approximately 7.00% of our enlarged issued share capital, at the IPO Price, by way of private placement to Bumiputera investors approved by the MITI, subject to the clawback and reallocation provisions as set out in Section 3.3.4 of this Prospectus.

Details of our Selling Shareholders are as follows:

Name/ Address	Material relationship with our Group within the past 3 years	Direct shareholdings as at the LPD		Offer Shares to be offered pursuant to the Offer for Sale		Direct shareholdings immediately after our IPO	
		No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Ng Chay Chin/ 2, Jalan Bukit Minyak Permai 1 Taman Bukit Minyak Permai 14000 Bukit Mertajam Pulau Pinang	<ul style="list-style-type: none"> Promoter Substantial shareholder Director of NE Components, NE Integrated, NE Solutions, NE Technologies and Northeast Precision Key Senior Management 	37,000,000	6.48	7,400,000	1.00	29,600,000	4.00
Chong Ewe Hean/ 119-08-3A, Putra Marine Resort Bayan Indah Sungai Nibong 11900 Bayan Lepas Pulau Pinang	<ul style="list-style-type: none"> Promoter Substantial shareholder Director of NE Components, NE Integrated, NE Solutions, NE Technologies and Northeast Precision Key Senior Management 	29,600,000	5.18	3,700,000	0.50	25,900,000	3.50
Ng Chai Hee/ 23, Lorong Seri Tambun 2 Taman Seri Tambun 14100 Simpang Ampat Pulau Pinang	<ul style="list-style-type: none"> Specified Shareholder Director of NE Integrated and NE Technologies Key Senior Management 	12,580,000	2.20	3,700,000	0.50	8,880,000	1.20

3. DETAILS OF OUR IPO (CONT'D)

Name/ Address	Material relationship with our Group within the past 3 years	Direct shareholdings as at the LPD		Offer Shares to be offered pursuant to the Offer for Sale		Direct shareholdings immediately after our IPO	
		No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Ng Meng Hang/ 6598 I Block C Taman Mak Mandin 13400 Butterworth Pulau Pinang	<ul style="list-style-type: none"> Shareholder An employee of Northeast Group Director of NE Components and Northeast Precision⁽ⁱⁱⁱ⁾ 	37,740,000	6.61	19,240,000	2.60	18,500,000	2.50
Tang Ah Lek/ 6, Jalan Bukit Minyak Permai 1 Taman Bukit Minyak Permai 14000 Bukit Mertajam Pulau Pinang	<ul style="list-style-type: none"> Shareholder 	34,780,000	6.09	12,580,000	1.70	22,200,000	3.00
Yin Thien Hee/ 179, Jalan Padang 09800 Serdang Kedah	<ul style="list-style-type: none"> Shareholder Director of NE Components Key Senior Management 	12,580,000	2.20	5,180,000	0.70	7,400,000	1.00

Notes:

- (i) Based on the issued share capital of 571,011,000 Shares after the Acquisitions.
- (ii) Based on the enlarged issued share capital of 740,000,000 Shares after our IPO.
- (iii) Resigned as Director of NE Components and Northeast Precision on 27 September 2022.

Based on the IPO Price, the Offer for Sale will raise gross proceeds of approximately RM25.90 million, which will accrue entirely to our Selling Shareholders. The Offer Shares are not underwritten as they will be made available for subscription by way of private placement to identified Bumiputera investors approved by the MITI, the expenses of which will be fully borne by our Selling Shareholders.

3. DETAILS OF OUR IPO (CONT'D)

3.3.3 Underwriting and allocation of the IPO Shares

In summary, subject to the clawback and reallocation provisions as set out in Section 3.3.4 of this Prospectus, our IPO Shares will be allocated in the following manner:

	Public Issue		Offer for Sale		Total	
	No. of Issue Shares	(i)%	No. of Offer Shares	(i)%	No. of IPO Shares	(i)%
Malaysian Public (via balloting):						
▪ Bumiputera	18,500,000	2.50	-	-	18,500,000	2.50
▪ Non-Bumiputera	18,500,000	2.50	-	-	18,500,000	2.50
Eligible Persons:						
▪ Directors	3,700,000	0.50	-	-	3,700,000	0.50
▪ Employees and business associates who have contributed to the success of our Group	25,900,000	3.50	-	-	25,900,000	3.50
Private placement to Selected Investors	61,689,000	8.34	-	-	61,689,000	8.34
Private placement to identified Bumiputera investors approved by the MITI	40,700,000	5.50	51,800,000	7.00	92,500,000	12.50
Total	168,989,000	22.84	51,800,000	7.00	220,789,000	29.84

Note:

(i) Based on the enlarged issued share capital of 740,000,000 Shares after our IPO.

The 37,000,000 Issue Shares made available for application by the Malaysian Public (via balloting) and the 29,600,000 Issue Shares under the Pink Form Allocations are fully underwritten by our Sole Underwriter.

The 154,189,000 IPO Shares made available for application by way of private placement to Selected Investors and identified Bumiputera investors approved by the MITI are not underwritten. Irrevocable undertakings have been or will be obtained from Selected Investors and identified Bumiputera investors approved by the MITI to subscribe for our IPO Shares made available under the private placement.

There is no over-allotment or "greenshoe" option that will increase the number of our IPO Shares.

3. DETAILS OF OUR IPO (CONT'D)

3.3.4 Clawback and reallocation

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

(i) Malaysian Public

In the event of under-subscription of our Issue Shares by the Malaysian Public, and subject to a corresponding over-subscription by the Eligible Persons or Selected Investors under the private placement, the remaining portion will be clawed back and reallocated to the Eligible Persons and/or offered to Selected Investors under the private placement, the proportion of which will be at the discretion of our Sole Placement Agent and our Board.

Any remaining Issue Shares not subscribed for will be subscribed by our Sole Underwriter in accordance with the terms of the Underwriting Agreement.

(ii) Eligible Persons

In the event of under-subscription of our Issue Shares by the Eligible Persons under the Pink Form Allocations, the unsubscribed Issue Shares will be reallocated to other Eligible Persons who have applied for excess Issue Shares (if any) ("**Excess Shares**") in addition to their pre-determined allocation. Such Excess Shares will be allocated to the Eligible Persons who have applied for Excess Shares on a fair and equitable basis in the following priority:

- (a) firstly, allocation on a proportionate basis based on the number of Excess Shares they applied for; and
- (b) secondly, to minimise odd lots.

Our Board reserves the right to allocate to the Eligible Persons who have applied for Excess Shares in addition to their pre-determined allocation at the discretion of our Board in such manner as it deems fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) and (b) above is achieved. Our Board also reserves the right to accept or reject any Excess Shares application, in full or in part, without assigning any reason.

In the event of under-subscription by the other Eligible Persons (after reallocation of Excess Shares to other Eligible Persons), and subject to a corresponding over-subscription by the Malaysian Public or Selected Investors under the private placement, the remaining portion will be clawed back and reallocated to the Malaysian Public and/or offered to Selected Investors under the private placement, the proportion of which will be at the discretion of our Sole Placement Agent and our Board.

Thereafter, any remaining Issue Shares not subscribed for will be subscribed by our Sole Underwriter in accordance with the terms of the Underwriting Agreement.

3. DETAILS OF OUR IPO (CONT'D)

(iii) Private placement to Selected Investors

In the event of under-subscription of the Issue Shares by Selected Investors under the private placement and subject to a corresponding over-subscription by the Malaysian Public or Eligible Persons, the remaining portion will be clawed back and reallocated to the Malaysian Public and/or offered to the Eligible Persons, the proportion of which will be at the discretion of our Sole Placement Agent and our Board.

(iv) Private placement to identified Bumiputera investors approved by the MITI

In the event of under-subscription of our IPO Shares by identified Bumiputera investors approved by the MITI under the private placement and subject to a corresponding over-subscription by the Malaysian Public or Selected Investors under the private placement, the remaining portion will be clawed back and reallocated as follows:

- (a) firstly, to the Malaysian institutional investors which are part of Selected Investors under Section 3.3.1(iii) of this Prospectus; and
- (b) secondly, to the Bumiputera Malaysian Public which are part of the Malaysian Public under Section 3.3.1(i) of this Prospectus.

Thereafter, any remaining IPO Shares will be made available for other Malaysian Public under Section 3.3.1(i) of this Prospectus and/or offered to other Selected Investors under Section 3.3.1(iii) of this Prospectus, the proportion of which will be at the discretion of our Sole Placement Agent and our Board. If still under-subscribed, such IPO Shares will be made available for subscription by the Eligible Persons.

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

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

As at the LPD, to the best of our knowledge and belief:

- (i) there are no substantial shareholders, Directors or Key Senior Management who have indicated to our Board that they intend to subscribe for our IPO Shares, save for the Issue Shares made available for application under the Pink Form Allocations; and
- (ii) there is no person who intends to subscribe for more than 5.00% of our IPO Shares.

3.3.5 Minimum subscription level

There is no minimum subscription in terms of the amount of proceeds to be raised from our IPO. However, in order to comply with the public spread requirements of the Listing Requirements, the minimum subscription level will be the number of Shares required to be held by public shareholders.

3. DETAILS OF OUR IPO (CONT'D)

Pursuant to the Listing Requirements, at least 25.00% of our enlarged issued share capital must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our Admission. Prior to our Admission, we will ensure that this requirement is met through the balloting process and the private placement exercise to ensure that a minimum 200 public shareholders holding not less than 100 Shares each is in place and at least 25.00% of our enlarged issued share capital are held by public shareholders.

If the public spread requirement is not met, we may not be able to proceed with our Listing. In such event, monies paid in respect of all applications will be returned in full, without interest or any share of revenue or benefits arising therefrom. If such monies are not returned in full within 14 days after we become liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly. Please refer to Section 8.3.5 of this Prospectus for details in the event there is a delay in or termination of our Listing.

3.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

	No. of Shares	RM
Issued share capital as at the LPD	571,011,000	142,753,500
New Shares to be issued pursuant to the Public issue	168,989,000	⁽ⁱ⁾ 82,408,374
Enlarged issued share capital upon Listing	740,000,000	225,161,874
Shares to be offered under the Offer for Sale	51,800,000	25,900,000
IPO Price		0.50
Market capitalisation upon Listing (based on our IPO Price and enlarged issued share capital upon Listing)		370,000,000

Note:

- (i) Calculated based on the IPO Price of RM0.50 per Issue Share and after deducting estimated listing expenses of approximately RM2,086,126, which are listing expenses that are directly attributable to our IPO and as such, will be debited against the share capital of our Company. These expenses comprise brokerage fee, underwriting commission and placement fee.

The Offer for Sale would not have any effect on our issued share capital as the Offer Shares are already in existence prior to our IPO.

As at the date of this Prospectus, we only have 1 class of shares in our Company, namely ordinary shares.

The Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

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

3. DETAILS OF OUR IPO (CONT'D)

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

At our general meeting, each shareholder shall be entitled to vote in person, by proxy, by attorney or by other duly authorised representative. Subject to the Listing Requirements, any resolution put to vote at the meeting shall be decided by way of poll. On a poll, each shareholder present either in person or by proxy, attorney or other duly authorised representative shall have 1 vote for every Share held or represented. A proxy may but need not be a member of our Company.

3.5 BASIS OF ARRIVING AT THE IPO PRICE

3.5.1 IPO Price

Our Directors, Promoters and Selling Shareholders have determined and agreed on the IPO Price of RM0.50 per IPO Share in consultation with our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, after taking into consideration the following:

- (i) our EPS of approximately 2.48 sen based on our PAT for FYE 2023 of approximately RM18.36 million and our enlarged issued share capital of 740,000,000 Shares, which translate into a price-to-earnings multiple of approximately 20.16 times;
- (ii) our EPS of approximately 1.67 sen based on our PAT for FPE 2024 of approximately RM12.36 million and our enlarged issued share capital of 740,000,000 Shares, which translate into an annualised price-to-earnings multiple of approximately 19.95 times;
- (iii) our pro forma NA per Share of RM0.31 as at 31 May 2024 based on our enlarged issued share capital of 740,000,000 Shares after our IPO and subsequent to the use of proceeds from our Public Issue;
- (iv) our business overview and financial performance as described in Sections 6 and 11 of this Prospectus respectively;
- (v) our competitive strengths as set out in Section 6.4 of this Prospectus;
- (vi) our future plans and business strategies as set out in Section 6.5 of this Prospectus; and
- (vii) the overview and outlook of the precision engineering industry in Malaysia as described in Section 7 of this Prospectus.

You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in our Shares. You are also reminded to carefully consider the risk factors as set out in Section 8 of this Prospectus before deciding to invest in our Shares.

3. DETAILS OF OUR IPO (CONT'D)

3.5.2 Expected market capitalisation

Based on the IPO Price of RM0.50 per IPO Share, the total market capitalisation of our Company upon Listing will be approximately RM370.00 million.

3.6 DILUTION

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

Our pro forma NA per Share as at 31 May 2024 and after adjusting for a material transaction* but before our IPO was approximately RM0.27 per Share.

Pursuant to the issuance of 168,989,000 new Shares under our IPO and after adjusting for the use of proceeds from our Public Issue, our pro forma NA per Share based on our enlarged issued share capital upon Listing of 740,000,000 Shares would be approximately RM0.31 per Share.

The table below illustrates such dilution on a per Share basis:

	RM
IPO Price	0.50
Pro forma NA per Share as at 31 May 2024 and after adjusting for a material transaction* but before our IPO	0.27
Pro forma NA per Share as at 31 May 2024 and after giving effect to our IPO as well as the use of proceeds from our Public Issue	0.31
Increase in pro forma NA per Share to our existing shareholders	0.04
Dilution in pro forma NA per Share to new investors	0.19
Dilution in pro forma NA per Share to new investors as a percentage of the IPO Price	38.00%

Note:

- * Material transaction being the acquisition of all that piece of freehold vacant land known as Lot 1144, Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under GM 889 by NE Components from Tan Hwang Jin and Tan Lim Piu (both as executors of Estate of Tan Tong Nam, deceased) for a cash consideration of RM10,869,760. Please refer to Sections 11.9 and 13.5 of this Prospectus for further details of this transaction.

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3. DETAILS OF OUR IPO (CONT'D)

Save as disclosed below, none of our Directors, Key Senior Management, substantial shareholders or persons connected with them have acquired any securities in our Company, neither have they entered into any transaction which grants them the right to acquire any of our Shares since our incorporation up to the date of this Prospectus:

	No. of Shares held after the Acquisitions and novation of Shares to Mountain Range but before our IPO	⁽ⁱ⁾ No. of Shares from our IPO	Total consideration RM	Effective cost per Share RM
Promoter and substantial shareholder Mountain Range	397,321,608	-	99,330,402	0.25
Promoters, substantial shareholders and Directors				
Ng Chay Chin	37,000,000	-	9,250,000	0.25
Chong Ewe Hean	29,600,000	-	7,400,000	0.25
Directors				
Dato' Seri Lee Kah Choon	-	1,300,000	650,000	0.50
Dato' Faiza Binti Zulkifli	-	800,000	400,000	0.50
Ong Kim Nam	-	800,000	400,000	0.50
Ong Guat Ean	-	800,000	400,000	0.50
Key Senior Management				
Ng Chai Hee	12,580,000	-	3,145,000	0.25
Yin Thien Hee	12,580,000	-	3,145,000	0.25
Tan Suat Hoon	-	50,000	25,000	0.50
Persons connected to the Directors/ substantial shareholders/ Key Senior Management				
Ng Ai Lee ⁽ⁱⁱ⁾	-	2,000,000	1,000,000	0.50
Chen Bun Chong ⁽ⁱⁱ⁾	-	2,000,000	1,000,000	0.50
New investors from our IPO	-	212,089,000	106,044,500	0.50

Notes:

- (i) Assuming all Pink Form Allocations are fully subscribed.
- (ii) Ng Ai Lee is the sister and Chen Bun Chong is the brother-in-law of both Ng Chay Chin and Ng Chai Hee. They are employees of Northeast Group.

3. DETAILS OF OUR IPO (CONT'D)

3.7 USE OF PROCEEDS

We expect to use the gross proceeds raised from our Public Issue amounting to approximately RM84.49 million in the following manner:

Details of the use of proceeds	Section	Estimated timeframe for the use of proceeds from the date of our Listing	RM'000	%
Construction of the New Factory	3.7.1	Within 36 months	40,000	47.34
Repayment of bank borrowings	3.7.2	Within 12 months	20,000	23.67
Purchase of new CNC machines	3.7.3	Within 36 months	12,378	14.65
Working capital	3.7.4	Within 12 months	5,516	6.53
Estimated listing expenses	3.7.5	Within 1 month	6,600	7.81
Total			84,494	100.00

3.7.1 Construction of the New Factory

As at the LPD, our business activities are carried out at 3 factories located in Juru and Bukit Minyak, Pulau Pinang, further details are as follows:

Factories	Operating company	Existing use	Land area sq ft	Built-up area sq ft
Factory 1	NE Technologies	Manufacturing plant and office	58,329.63	44,034.00
Factory 2	NE Components and Northeast Precision	Manufacturing plant, office, warehouse and accommodation for workers	135,549.82	74,788.19
Factory 3	NE Integrated and NE Solutions	Manufacturing plant, office and warehouse	93,473.80	89,646.00
Total			287,353.25	208,468.19

We intend to construct the New Factory and we plan to move:

- (i) NE Components' business operations from Factory 2 to the New Factory; and
- (ii) NE Technologies' business operations from Factory 1 to the New Factory.

Currently, NE Components is running their business operations in Factory 2 which Northeast Precision owns and also operates in. NE Components occupies an area of approximately 36.60% of the factory's total floor space (covering production, warehouse, QA & QC and plating area) whilst the remaining floor space, approximately 63.40%, is occupied by Northeast Precision. Currently, Factory 2's production floor space is fully utilised and as such, we plan to construct the New Factory to enable NE Components to house its operations and to increase its production floor space to cater for the manufacturing of its products. This in turn will also allow Northeast Precision to use the floor space that was previously occupied by NE Components for its own manufacturing activities after NE Components moves into the New Factory.

3. DETAILS OF OUR IPO (CONT'D)

In addition, NE Technologies, which is currently operating in Factory 1, will relocate their business operations to the New Factory upon completion, as currently the production floor space is fully utilised and it requires a larger production floor space to cater for its manufacturing activities to cater to the demand for its products. Thereafter, we plan to use Factory 1 to expand our value-added service offerings, namely for our plating and anodising surface finishings. Such expansion in Factory 1 (including purchase of new machinery and equipment, renovation and fittings as well as relevant moving costs) will only take place after the completion of construction of the New Factory and will be funded via internally generated funds and/or bank borrowings.

Please refer to Section 6.5.1 of this Prospectus for further details of the production floor space utilisation for Factory 1, Factory 2 and Factory 3.

In view of the above and as part of our future plans and business strategies, the construction of the New Factory is part of our business expansion plan to grow our Group's business operations and to house the new CNC machines to be purchased (as disclosed in Section 6.5.2 of this Prospectus) to produce more complex and higher mix of precision engineering components as well as to grow our customer base and serve more local and international customers. The New Factory is also part of our Group's effort to increase production capacity to cater for our production needs. For FYE 2023, our Group's utilisation rates for CNC milling machines, CNC turning machines and CNC automatic lathe machines were approximately 73.30%, 85.10% and 93.70% respectively, whilst for FPE 2024, our Group's utilisation rates for CNC milling machines, CNC turning machines and CNC automatic lathe machines were approximately 64.80%, 89.84% and 93.76% respectively.

For the New Factory, NE Components had acquired Lot 1143 from Sheng Kimn Hong Sdn Bhd, an unrelated party to our Group, Promoters, substantial shareholders or Directors, for a cash consideration of approximately RM12.26 million. The acquisition was funded via bank borrowings as well as internally generated funds. The land title has been registered in favour of NE Components on 12 April 2023 and the acquisition was completed on 3 May 2023. Please refer to Section 13.5(iv) and Annexure A of this Prospectus for further details on the sales and purchase agreement entered into with Sheng Kimn Hong Sdn Bhd and the property details on Lot 1143 respectively.

We intend to construct a 2-storey factory with a 1 storey sub-basement parking lot with a built-up area of approximately 227,687 sq ft on Lot 1143.

The New Factory is expected to comprise, amongst others, 1 floor of production area, 2 warehouses, 3 meeting rooms, 2 engineering offices and 2 administrative offices. The New Factory is expected to have a total production floor space of approximately 79,020 sq ft, which can accommodate approximately 200 units of CNC machines (consisting of existing and new CNC machines as stated in Section 3.7.3 of this Prospectus), being the main machines our Group uses in our production activities. The New Factory is also expected to have a QA & QC area, an administrative area and a storage/ warehouse area of approximately 24,467 sq ft, 20,425 sq ft and 15,240 sq ft, respectively.

The construction of the New Factory is expected to cost approximately RM50.40 million*, comprising, amongst others, piling works, main building works, mechanical and electrical works. We intend to use RM40.00 million or approximately 47.34% of the gross proceeds raised from the Public Issue for the construction of the New Factory, with the remaining balance of approximately RM10.40 million to be funded via internally generated funds and/or bank borrowings. As at the LPD, the construction of the New Factory has not commenced.

* The estimated construction cost of the New Factory is based on a quotation obtained from an architectural firm.

3. DETAILS OF OUR IPO (CONT'D)

The breakdown of the construction cost of the New Factory is estimated to be as follows:

Details	RM'000
Main building and piling works	36,902
Mechanical and electrical works	7,000
Infrastructure works and ancillary building	4,135
Preliminaries and setting up costs ⁽ⁱ⁾	2,363
Total	(ii)(iii) 50,400

Notes:

- (i) Preliminaries and setting up costs, include, amongst others, putting up of scaffolding and site installation services.
- (ii) The breakdown of the funds to be utilised for the construction of the New Factory may vary depending on the actual construction cost and requirements of our Group closer to completion.
- (iii) Excluding, amongst others, costs for site clearance and earthworks, contributions and fees to relevant authorities, professional fees, furniture and fittings and interior designing works.

As at the LPD, our Group has yet to incur any construction cost listed above for the New Factory.

We need to obtain the following permits/approvals prior to commencing construction of the New Factory:

- (i) planning permission and building plan approval to be obtained from MBSP;
- (ii) civil and structural as well as mechanical and electrical plans approval;
- (iii) permit for land filling and earthworks to be obtained from Jabatan Kerja Raya Pulau Pinang and MBSP; and
- (iv) permit to commence construction work to be obtained from MBSP.

The indicative timeline for the construction of the New Factory is as follows:

Timeframe	Milestones
2 nd quarter of 2024	<ul style="list-style-type: none"> • Finalise design and layout plan of the New Factory • Submit planning permission and building plan • Surrender the title to the land office and convert the land use to industrial
4 th quarter 2024	<ul style="list-style-type: none"> • Obtain planning permission and building plan approval • Submission and approval of earthwork plan • Obtain permission to commence construction • Commence construction of the New Factory
4 th quarter 2026	<ul style="list-style-type: none"> • Completion of construction of the New Factory with CCC • Purchase of new CNC machines

3. DETAILS OF OUR IPO (CONT'D)

Timeframe	Milestones
1 st quarter 2027	<ul style="list-style-type: none">• Installation of new CNC machines• Commence operations of the New Factory

In the event the actual construction cost of the New Factory is lower than the amount allocated above, the excess will be used for our working capital purposes.

Please refer to Sections 6.5 and 8.1.6 of this Prospectus for further details on our future plans and business strategies and related risks in relation to the implementation of our future plans and business strategies respectively.

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3. DETAILS OF OUR IPO (CONT'D)

3.7.2 Repayment of bank borrowings

As at the LPD, our total bank borrowings (including lease liabilities) owing to financial institutions is approximately RM37.29 million.

We intend to use RM20.00 million or approximately 23.67% of the gross proceeds raised from the Public Issue to partially repay our outstanding bank borrowings as follows:

No.	Details	Borrower	Purpose	Interest rate per annum/ Maturity date	Outstanding amount as at the LPD	⁽ⁱ⁾ Proposed repayment from Public Issue proceeds
					RM'000	RM'000
1.	RHB Islamic Bank Berhad (Term loan)	NE Components	Acquisition of Lot 1143	⁽ⁱⁱ⁾ Base financing rate – 2.40%/ October 2038	10,425	10,000
2.	Public Bank Berhad (Term loan)	Northeast Precision	Acquisition of lands (together with existing buildings erected thereon) for Factory 2	⁽ⁱⁱⁱ⁾ BLR – 2.20%/ May 2037	4,903	4,800
3.	Public Bank Berhad (Term loan)	NE Integrated	Acquisition of land (together with existing buildings erected thereon) for Factory 3	⁽ⁱⁱⁱ⁾ BLR – 2.30%/ September 2035	3,361	3,200
4.	Public Bank Berhad (Term loan)	Northeast Precision	Acquisition of Lot 1368	⁽ⁱⁱⁱ⁾ BLR + 0.50%/ July 2034	2,088	2,000
Total					20,777	20,000

Notes:

- (i) Our Group intends to make a partial repayment of our outstanding bank borrowings via the gross proceeds raised from our Public Issue.
- (ii) As at the LPD, the base financing rate is 6.70% per annum.
- (iii) As at the LPD, the BLR is 6.72% per annum.

3. DETAILS OF OUR IPO (CONT'D)

The repayment of the abovementioned bank borrowings will reduce our gearing ratio from 0.19 times to 0.08 times based on the pro forma consolidated statements of financial position as at 31 May 2024 and is expected to result in an annual interest savings of approximately RM0.93 million based on the prevailing interest rates. However, the actual interest savings may vary depending on the applicable interest rate at the time of repayment. The partial repayment of the abovementioned outstanding bank borrowings will not result in any penalty or early repayment fee being incurred by our Group.

In the event the outstanding amount of any of the bank borrowings owing to the financial institutions, as listed above, is lower than the allocated proceeds proposed for repayment, the excess amount will be utilised to repay the other bank borrowings as listed above. Subsequently, if there is any excess balance, it will be allocated for our working capital purposes.

3.7.3 Purchase of new CNC machines

In conjunction with the construction of the New Factory to cater for our expansion needs and to increase our Group's overall production capacity, we intend to use approximately RM12.38 million or approximately 14.65% of the gross proceeds raised from the Public Issue to purchase new CNC machines.

We plan to upgrade and increase the number of CNC machines to allow us to meet the demand from our existing and new customers in terms of order size, complexity as well as to reduce delivery lead time.

Details on the CNC machines to be purchased are as follows:

Type of CNC machines	Functions	No. of units	Total estimated cost ⁽ⁱ⁾
			RM'000
CNC milling	Machine that employs computerised controls and rotating multi-point cutting tools to progressively remove excess material from the workpiece and produce a custom-designed part or component	20	7,738
CNC turning	Machine that spins the final workpiece or material at high speed with a cutting tool progressively shaves away material to produce a custom-designed part or component	4	1,526
CNC turn-mill	Machine that combines both turning and milling processes	3	1,419
CNC automatic lathe	Machine that is mechanically operated and require little human intervention to cut, sand, drill, deform and turn workpiece. It is also able to perform the turn milling process for smaller precision machine parts and components	3	1,245
CNC indexer	Machine that uses indexing to position a work piece for various applications including machining, positioning and inspection	6	450
Total		36	12,378

3. DETAILS OF OUR IPO (CONT'D)

Note:

- (i) Based on quotations obtained from suppliers and inclusive of relevant installation costs. The estimated cost of the CNC machines and corresponding ancillary accessories is subject to change if the quotations obtained are being revised by our suppliers.

The majority of the above CNC machines will be allocated between Northeast Precision and NE Technologies and will be installed in Factory 2 and the New Factory respectively. The additional new CNC milling machines, CNC turning machines and CNC automatic lathe machines are expected to increase our Group's operating capacity by approximately 8.51%, 13.33% and 25.00% respectively. Please refer to Section 6.13 of this Prospectus for further details on our Group's operating capacity and utilisation rate of our CNC machines for FYE 2023 and FPE 2024. The increase in our overall production capacity is in line with our plan to grow our customer base and serve more local and international customers. Further, the additional production capacity would allow us to cater for the orders from both existing and potential new customers. As at the LPD, we have not procured or entered into any purchase orders or binding arrangements for the purchase of these new CNC machines.

In the event the allocated proceeds are insufficient for the purchase of the new CNC machines, any shortfall will be funded via internally generated funds. Conversely, if the actual cost is lower than the amount allocated above, the excess will be allocated for our working capital purposes.

3.7.4 Working capital

In line with our Group's expected expansion and business growth, our Group expects to consume a higher amount of raw materials to meet the demand of our existing customers as well as to cater to potential new customers' orders. For the Financial Years Under Review and FPE 2024, raw materials, being one of the main components of our cost of sales, account for approximately 36.39%, 38.02%, 25.91% and 24.08% of our total cost of sales, respectively.

We intend to use approximately RM5.52 million or 6.53% of the gross proceeds raised from the Public Issue for the purchase of our main raw materials, such as aluminium, copper and stainless steel. Such amount was arrived at after considering the additional raw materials required to support our future plans and business strategies as set out in Section 6.5 of this Prospectus.

Our Group is currently and in the past been funding our working capital via internally generated funds. As such, the additional working capital is expected to enhance our Group's liquidity and cash flow and will place us in a better position to accept more orders from our customers.

3.7.5 Estimated listing expenses

We intend to allocate RM6.60 million or approximately 7.81% of the gross proceeds raised from the Public Issue to pay for our listing expenses as follows:

Details	RM'000
Professional fees ⁽ⁱ⁾	3,253
Underwriting, placement and brokerage fees	2,086
Fees to authorities	87
Printing and advertising expenses	300
Miscellaneous expenses and contingencies ⁽ⁱⁱ⁾	874
Total	6,600

3. DETAILS OF OUR IPO (CONT'D)

Notes:

- (i) Includes advisory/ professional fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants, IMR and Company Secretary.
- (ii) Comprising any other incidental or related expenses in connection with our IPO such as IPO-related event expenses/ roadshows and funds reserved for contingency purposes.

In the event the allocated proceeds are insufficient for the listing expenses, any shortfall will be funded via internally generated funds whereas any excess will be used for our working capital purposes.

Pending the eventual use of the proceeds from the Public Issue, we intend to place the proceeds (including accrued interest, if any) or any balance thereof with licensed financial institutions in Malaysia and/or in money market instruments.

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds raised from the Offer for Sale of approximately RM25.90 million will accrue entirely to our Selling Shareholders. Our Selling Shareholders will bear all expenses relating to the Offer of Sale, including the placement fee in respect of the Offer Shares, which is estimated to be approximately RM0.58 million.

3.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

3.8.1 Brokerage fee

We will pay brokerage fee for the 66,600,000 Issue Shares made available for application by the Malaysian Public and Eligible Persons under Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus respectively, at the rate of 1.00% (exclusive of any applicable tax) on the IPO Price in respect of all successful applications which bear the stamp of either Affin Hwang IB, the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

3.8.2 Underwriting commission

Affin Hwang IB, as our Sole Underwriter has agreed to underwrite 66,600,000 Issue Shares made available for application by the Malaysian Public and the Eligible Persons under Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus respectively. As stipulated in the Underwriting Agreement, we will pay our Sole Underwriter an underwriting commission at the rate of 2.25% (exclusive of any applicable tax) of the total value of the underwritten Shares.

3.8.3 Placement fee

We will pay our Sole Placement Agent a placement fee at the rate of 2.25% (exclusive of any applicable tax) of the value of the 102,389,000 Issue Shares reserved for the private placement to Selected Investors and identified Bumiputera investors approved by the MITI under Sections 3.3.1(iii) and 3.3.1(iv) of this Prospectus respectively.

Our Selling Shareholders will also pay our Sole Placement Agent a placement fee of 2.25% (exclusive of any applicable tax) of the IPO Price multiplied by the number of Offer Shares successfully placed out to identified Bumiputera investors approved by the MITI under Section 3.3.2 of this Prospectus.

3. DETAILS OF OUR IPO (CONT'D)

3.9 DETAILS OF THE UNDERWRITING ARRANGEMENT

We have entered into the Underwriting Agreement with our Sole Underwriter to underwrite 66,600,000 Issue Shares made available for application by the Malaysian Public and the Eligible Persons under Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus, subject to the clawback and reallocation provisions as set out in Section 3.3.4 of this Prospectus and upon the terms and subject to the conditions of the Underwriting Agreement.

Details of the underwriting commission are set out in Section 3.8.2 of this Prospectus while the salient terms of the Underwriting Agreement are as follows:

(i) Conditions precedent for underwriting

The obligations of our Sole Underwriter under the Underwriting Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:

- (a) Bursa Securities' approval of our Listing remaining in full force and effect and that all conditions (except for any which can only be complied with after our IPO has been completed) have been complied with;
- (b) the offer and issuance of our IPO Shares having been approved by the shareholders of our Company;
- (c) the delivery to our Sole Underwriter prior to the date of registration of this Prospectus with Bursa Securities, 3 certified true extracts of all the resolutions of our Board, (i) approving our IPO and Listing and the transactions contemplated by each of the same, (ii) approving and authorising the execution of the Underwriting Agreement and authorising such person as our Board may resolve to execute the Underwriting Agreement, (iii) approving the allotment and issuance of the Issue Shares under our IPO, (iv) approving and authorising the issuance of this Prospectus, and (v) confirming that our Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in this Prospectus;
- (d) all the resolutions referred to in Clause (b) and (c) above remaining in full force and effect as at the last day and time for the acceptance of and payment for the Public Issue of 37,000,000 Issue Shares made available for application by the Malaysian Public and 29,600,000 Issue Shares made available for application by the Eligible Persons in accordance with this Prospectus and the Application Form or any such date as may be extended from time to time by our Company together with the mutual agreement of our Sole Underwriter in writing, subject to the prior written approval of the relevant authorities, if required ("**Closing Date**") and the date of delivery of the Applications Form(s) together with the remittance of subscription monies payable on the application of the unsubscribed shares by our Sole Underwriter ("**Settlement Date**") and none having been rescinded or revoked or varied;
- (e) the lodging with the Companies Commission of Malaysia of a copy of this Prospectus and such other documents as may be required in accordance with the CMSA and the Act;
- (f) the registration of this Prospectus and such other documents as may be required in accordance with the CMSA in relation to our IPO with Bursa Securities and the submission to Bursa Securities of accompanying documents on or before the issue, circulation or distribution of this Prospectus to the public;

3. DETAILS OF OUR IPO (CONT'D)

- (g) all necessary approvals required in relation to our IPO, the Admission and Listing, including but not limited to approvals from the authority having been obtained and are in full force and effect as at the Closing Date and Settlement Date and that all conditions to the approvals (except for any which can only be complied with after our IPO has been completed) have been complied with;
- (h) the Underwriting Agreement has been duly signed and stamped within the statutory time frame;
- (i) this Prospectus being issued not later than 29 November 2024 or such later date as may be agreed between our Sole Underwriter and our Company in writing;
- (j) our IPO and the offering, sale, issue, purchase and subscription of our IPO Shares, our Listing and the transactions contemplated under the Underwriting Agreement being in accordance with the provisions thereof not being prohibited or impeded by the law whether promulgated by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities) or any jurisdiction within which such IPO Shares are offered;
- (k) there not being, in the opinion of our Sole Underwriter, on or prior to the Closing Date and Settlement date, any change or development which would have a material adverse effect of our Group or any occurrence of any event or discovery of any fact or circumstances rendering any representations, warranties, undertakings or any obligations of or by our Company in the Underwriting Agreement to be untrue, inaccurate, misleading or incorrect, not complied with, breached and/or failure to be performed in any respect;
- (l) our Sole Underwriter being satisfied that there is no breach of, or failure on the part of our Company to comply with, any obligations under the Underwriting Agreement and that our IPO (including the offer, sale and issue of IPO Shares) is in compliance with, the law and all revisions, amendments and/or supplements thereto;
- (m) the delivery to our Sole Underwriter from our Company a certificate in the form or substantially in the form contained in the Underwriting Agreement, signed by a director or a duly authorised officer of our Company (on behalf of the Company), dated the date of registration of this Prospectus, and subsequently the Closing Date, to the effect that the person who provides such certificate has carefully examined the Underwriting Agreement and that:
 - 1. the representations, warranties and undertakings of our Company are true, accurate and correct and not misleading in all respects on and as of the date of registration of this Prospectus and the Closing Date, as though they had been given and made on the date of the registration of this Prospectus and subsequently the Closing Date, and there has not been any occurrence of any event or circumstances or the discovery of any facts or circumstances or omission of any facts or development which would render any representations or warranties by our Company in any respect, or result in a breach of the Underwriting Agreement by our Company. Our Company has complied with all the terms of the Underwriting Agreement and satisfied all the conditions and obligations;
 - 2. since the date of the Underwriting Agreement, there has been no change or development that may have a material adverse effect;

3. DETAILS OF OUR IPO (CONT'D)

3. the allotment and issuance of our IPO Shares are not being prohibited by any statutes or regulations promulgated or issued by any legislative or regulatory body in Malaysia;
4. all the conditions set out in conditions precedent for underwriting of the Underwriting Agreement with respect to our Company have been fulfilled; and
5. no event has occurred with respect to our Company that would give rise to the right for our Sole Underwriter to give notice to our Company to terminate the Underwriting Agreement.

(ii) Termination by our Sole Underwriter upon the occurrence of adverse changes and consequence thereof

Notwithstanding anything contained in the Underwriting Agreement, our Sole Underwriter, may by notice in writing to our Company given at any time before the date of our Listing, terminate, cancel and withdraw its underwriting commitment if in the opinion of our Sole Underwriter:

- (a) there is any breach by our Company of any of the obligations, the representations, warranties or undertakings set out in the Underwriting Agreement in any respect; or there is an occurrence of any event or discovery of any fact or circumstances rendering any of the warranties or representations or undertakings untrue, inaccurate, misleading or incorrect in any respect or resulting in any of the undertakings to be not complied with, breached and/or failed to be performed in any respect; and in either event, where such misrepresentation or breach is capable of remedy, the same not being remedied within 3 Market Days or on such other day which the parties may mutually agree in writing, but in any event no later than the Closing Date from the provision of a written notice to the Company, as the case may be, by our Sole Underwriter;
- (b) our Company withholds any material information from our Sole Underwriter, which, in the opinion of our Sole Underwriter, is likely to have a material adverse effect;
- (c) there shall have occurred, happened or come into effect any event or series of events beyond the control of our Sole Underwriter by reason of Force Majeure (as defined below) which would have or can be expected to have, a material adverse effect on the business, operations, financial condition or prospects of our Group or the success of our IPO or which is likely to have the effect of making any material obligation under the Underwriting Agreement incapable of performance in accordance with its terms or our Company shall sustain any material loss or interference with the business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labour disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, in each case, that has had or could be expected to have a material adverse effect;

3. DETAILS OF OUR IPO (CONT'D)

“Force Majeure” means causes which are unpredictable and beyond the control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to:

1. war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism, national emergency;
 2. riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military takeover or usurped power;
 3. natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics, pandemics, outbreak of disease, the imposition of lockdowns or similar measures to control the spread of any epidemic or other acts of God; or
 4. the occurrence of any other calamity or crisis or emergency or any event or series of events in the nature of force majeure, or deterioration of any such condition.
- (d) any government requisition or other occurrence of any nature whatsoever which is reasonably likely to have a material adverse effect on the business, operations, financial condition or prospects of our Group or the success of our IPO;
- (e) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of our Sole Underwriter is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt and without prejudice to the foregoing, if the FTSE Bursa Malaysia KLCI (“**Index**”) is, at the close of normal trading on Bursa Securities, on any Market Day:
1. on or after the date of the Underwriting Agreement; and
 2. prior to the Closing Date,
- lower than 85%, of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;
- (f) trading of all securities on Bursa Securities, Singapore Exchange Securities Trading Limited, the New York Stock Exchange, Nasdaq, the London Stock Exchange plc or the Hong Kong Stock Exchange has been limited or suspended or minimum prices have been established on Bursa Securities for 3 consecutive Market Days or other material form of general restriction in trading for 3 consecutive Market Days or more;
- (g) a banking moratorium has been declared by authorities in Malaysia, USA, UK, Singapore or Hong Kong, or a material disruption of commercial banking activities or securities settlement or clearance services has occurred in Malaysia, USA, UK, Singapore or Hong Kong;

3. DETAILS OF OUR IPO (CONT'D)

- (h) any new law or regulation or change in law, in any applicable jurisdiction, interpretation or application by any court or authority which in the opinion of our Sole Underwriter is reasonably likely to prejudice the success of our IPO or Listing or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or to transfer our IPO Shares or which would have or is reasonably likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms;
- (i) if the SC or any other authority issues an order pursuant to Malaysian Law such as to make it impracticable to market our IPO or to enforce contracts to allot and/or transfer our IPO Shares;
- (j) any part of the private placement or our IPO is stopped or delayed by our Company or any authority for any reason whatsoever (unless such delay has been approved by our Sole Underwriter in writing);
- (k) our Listing does not take place on or before 18 December 2024 or within 5 Market Days after the Settlement Date, whichever is earlier, or such other extended date as may be agreed by our Sole Underwriter;
- (l) in the event our Listing is withdrawn or not procured or procured but subject to conditions not acceptable by our Sole Underwriter;
- (m) approval for our IPO is withdrawn, modified and/or subject to terms and conditions which is, in the opinion of our Sole Underwriter, not acceptable to our Sole Underwriter;
- (n) the Closing Date does not take place on or before 6 December 2024 or any later date as may be agreed by our Sole Underwriter;
- (o) any commencement of legal proceedings, formal investigations, enquiries or action against our Company or any of our Directors or executive officers which in the opinion of our Sole Underwriter, would have or is likely to have a material adverse effect or make it impracticable to market our IPO or to enforce contracts to allot and/or transfer our IPO Shares;
- (p) any of the resolutions or approvals as referred in the Underwriting Agreement is revoked, suspended, withdrawn or ceases to have any effect whatsoever, or is varied or supplemented and such revocation, suspension, cessation, variation, withdrawal or supplement upon terms that has or would have or is likely to have a material adverse effect; or
- (q) any statements contained in this Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect or matters have arisen or have been discovered which would constitute a material omission therefrom.

3. DETAILS OF OUR IPO (CONT'D)

3.10 TRADING AND SETTLEMENT IN SECONDARY MARKET

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

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

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10.00 payable for each transfer not transacted on the market.

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

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot market. Settlement and payment of trades done on a "ready" basis on Bursa Securities generally takes place on the 2nd Market Day following the transaction date.

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

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

4.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

4.1.1 Shareholdings of our Promoters and substantial shareholders

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

Name	Nationality/ Country of incorporation	Before our IPO/ As at the LPD				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Promoters and substantial shareholders									
Mountain Range	Malaysia	397,321,608	69.58	-	-	397,321,608	53.69	-	-
Ng Chay Chin	Malaysian	37,000,000	6.48	⁽ⁱⁱⁱ⁾ 397,321,608	69.58	29,600,000	4.00	⁽ⁱⁱⁱ⁾ 397,321,608	53.69
Chong Ewe Hean	Malaysian	29,600,000	5.18	⁽ⁱⁱⁱ⁾ 397,321,608	69.58	25,900,000	3.50	⁽ⁱⁱⁱ⁾ 397,321,608	53.69
Substantial shareholders									
Ng Meng Hang	Malaysian	37,740,000	6.61	-	-	18,500,000	2.50	-	-
Tang Ah Lek	Malaysian	34,780,000	6.09	-	-	22,200,000	3.00	-	-

Notes:

- (i) Based on the issued share capital of 571,011,000 Shares before our IPO/as at the LPD.
- (ii) Based on the enlarged issued share capital of 740,000,000 Shares after our IPO.
- (iii) Deemed interest by virtue of his interest in Mountain Range pursuant to Section 8 of the Act.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Company as all our Shares before and after our IPO are of the same class.

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

Save as disclosed above, there is no other person who, directly or indirectly, jointly or severally, exercises control over our Company as at the LPD. There is also no arrangement between our Company and our shareholders with any third party, which may, at a subsequent date, result in a change in control of our Company.

4.1.2 Profiles of our Promoters and substantial shareholders

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

(i) Mountain Range

Mountain Range was incorporated in Malaysia on 18 October 2022 under the Act as a private limited company. The principal activity of Mountain Range is investment holding to hold Shares in our Company.

As at the LPD, the issued share capital of Mountain Range is RM1,000 comprising 1,000 ordinary shares.

As at the LPD, the directors of Mountain Range are Ng Chay Chin and Chong Ewe Hean.

The details of the shareholders and their respective shareholdings in Mountain Range are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Ng Chay Chin	Malaysian	453	45.30	-	-
Chong Ewe Hean	Malaysian	267	26.70	-	-
Ng Meng Hang	Malaysian	135	13.50	-	-
Tang Ah Lek	Malaysian	87	8.70	-	-
Yin Thien Hee	Malaysian	32	3.20	-	-
Ng Chai Hee	Malaysian	26	2.60	-	-
Total		1,000	100.00	-	-

As at the LPD, Mountain Range does not have any interest in other companies other than in Northeast.

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

(ii) Ng Chay Chin

Ng Chay Chin, a Malaysian age 50, is our Promoter, substantial shareholder and Managing Director. He is responsible for overseeing our Group's overall day-to-day management and formulation of operational plans and strategies. He was appointed to our Board on 18 July 2022.

In 1993, he completed his secondary education at Sekolah Menengah Kebangsaan Serdang, Kedah.

He has approximately 30 years of experience in machine setup, maintenance and troubleshooting as well as manufacturing operations of precision engineering components.

In 1994, he began his career as an Apprentice in a shipyard in Singapore, where he was involved in mechanical works of parts and components for shipbuilding. In the same year, he left Singapore and returned to Malaysia to join AE Technology Sdn Bhd as an Apprentice. He was involved in maintenance and troubleshooting of stamping moulds for metal stamping operations.

In 1995, he left AE Technology Sdn Bhd and joined Eng Teknologi Sdn Bhd, a wholly-owned subsidiary of Eng Teknologi Holdings Bhd (a company previously listed on the Second Board of Kuala Lumpur Stock Exchange ("**KLSE**") and which was subsequently transferred to the Main Board of KLSE before it was delisted in 2012) as a Machining Technician. He was involved in setting up CNC machines for the manufacturing of precision engineering components.

In 1996, he left Eng Teknologi Sdn Bhd and joined DMS Microcut Sdn Bhd as a Technician where he was responsible for configuring, calibrating as well as troubleshooting machines. In 1998, he was promoted to Engineer where he was responsible for leading a team of technicians in handling machine operations, including machine programming for the manufacturing of precision engineering components.

In 1999, he left DMS Microcut Sdn Bhd and joined Micro-Mechanics Technology Sdn Bhd as a Machinist where he was involved in similar tasks of handling machine operations, including machine programming for the manufacturing of precision engineering components.

In 2001, he left Micro-Mechanics Technology Sdn Bhd and joined Auer Precision Asia Sdn Bhd as Technical Supervisor where he was involved in supervising the day-to-day operations of the technical department.

In 2002, he left Auer Precision Asia Sdn Bhd and joined Eng Teknologi Holdings Bhd as an Engineering Manager. He was stationed at the company's Philippines operations and was responsible for setting up the auto-lathe department as well as overseeing the production operations department. In 2004, he left Eng Teknologi Holdings Bhd.

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

After accumulating approximately 9 years of working experience in the precision engineering industry, he became a shareholder of Northeast Precision in 2004. Over the years, together with Chong Ewe Hean, he continued to lead the expansion of our Group's business by growing our manufacturing capabilities, customer base and export markets.

As at the LPD, he holds a directorship in a private limited company as disclosed in Section 4.2.3(ii) of this Prospectus.

(iii) Chong Ewe Hean

Chong Ewe Hean, a Malaysian age 52, is our Promoter, substantial shareholder and Executive Director. He is responsible for spearheading our Group's business development activities, including formulation of business development strategies and exploring new business opportunities and customer industries for business ventures and expansion. He was appointed to our Board on 18 July 2022.

In 1991, he completed his secondary education from Kolej Vokasional Batu Lanchang, Pulau Pinang.

He has approximately 31 years of experience in business development, sales and manufacturing operations of precision engineering components.

In 1992, he began his career with Polytool Engineering Sdn Bhd as an Intern where he was involved in material handling and mechanical works.

In 1993, he left Polytool Engineering Sdn Bhd and joined Eng Hardware Engineering Sdn Bhd, a wholly-owned subsidiary of Eng Teknologi Holdings Bhd (a company previously listed on the Second Board of KLSE and which was subsequently transferred to the Main Board of KLSE before it was delisted in 2012) as a Tooling Technician Supervisor. He was responsible for overseeing the tooling department. In 1999, he was transferred to Engtek Precision Philippines, Inc, a wholly-owned subsidiary of Eng Teknologi Holdings Bhd, and promoted to Engineering and Production Manager. He was responsible for overseeing the daily operations and development of the Precision Tooling and CNC Turning Divisions of the company. In 2001, he was redesignated as Senior Manager of Sales and Marketing, where he was involved in overseeing the sales and marketing functions of the company, including engaging new customers and expanding product offerings to new customer industries. In 2003, he left Engtek Precision Philippines, Inc and returned to Malaysia.

After accumulating approximately 11 years of working experience in the precision engineering industry, he incorporated Northeast Precision together with Ng Meng Hang in 2004 to venture into the manufacturing of precision engineering components. Over the years, together with Ng Chay Chin, he continued to lead the expansion of our Group's business by growing our manufacturing capabilities, customer base and export markets.

As at the LPD, he holds a directorship in a private limited company as disclosed in Section 4.2.3(iii) of this Prospectus.

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

(iv) Ng Meng Hang

Ng Meng Hang, a Malaysian age 51, is our substantial shareholder as at the LPD and will cease to be a substantial shareholder after our IPO.

In 1993, he completed his secondary education from Sekolah Menengah Kebangsaan Serdang, Kedah.

In 1994, he began his career with Eng Teknologi Sdn Bhd, a wholly-owned subsidiary of Eng Teknologi Holdings Bhd (a company previously listed on the Second Board of the KLSE and was subsequently transferred to the Main Board of the KLSE before it was delisted in 2012) as an Engineering Technician where he was involved in first article development, i.e. prototype development.

In 1999, he left Eng Teknologi Sdn Bhd and joined Mahlin Min Aik Corporation Sdn Bhd as an Engineer. He was responsible for the entire operations of the engineering department. In 2001, he left Mahlin Min Aik Corporation Sdn Bhd and joined Engtek Precision Philippines, Inc, a wholly-owned subsidiary of Eng Teknologi Holdings Bhd, as Technical Manager for hard disk drive products and first article development. In 2003, he left Engtek Precision Philippines, Inc and joined Northeast Precision in 2004 as an Engineering Director where he was responsible for overseeing the entire operations of the engineering department. He was also appointed as a Director of Northeast Precision and NE Components in June 2004 and August 2015 respectively. Subsequently, he resigned as the Director of Northeast Precision and NE Components in September 2022 and he was redesignated to Technical Advisor, a position he holds to-date. As a Technical Advisor, he is involved in the development of manufacturing process and provision of training and technical expertise to our Group.

As at the LPD, he does not hold any directorship in any public listed companies or private limited companies.

(v) Tang Ah Lek

Tang Ah Lek, a Malaysian age 76, is our substantial shareholder as at the LPD and will cease to be a substantial shareholder after our IPO.

In 1960, he completed his primary education from Sekolah Rendah Kebangsaan (C) Serdang, Kedah.

In 1961, he started working as a general worker in various local rubber and oil palm plantations where he was involved in cultivation, plantation, harvesting and general management of plantations.

After accumulating more than 19 years' experience in the oil palm industry, he started his venture as an oil palm subcontractor in his own capacity in 1980 where he manages the cultivation of oil palm as well as oversees the general management of oil palm plantations. He has been in the same industry since then and up to to-date.

As at the LPD, he does not hold any directorship in any public listed companies or private limited companies.

Please refer to Section 4.7 of this Prospectus for further details on the association or family relationships between our Promoters, substantial shareholders, Directors and Key Senior Management.

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

4.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since the date of our incorporation on 18 July 2022 up to the LPD and after our IPO are as follows:

Name	As at 18 July 2022 (date of incorporation)				After the Acquisitions and novation of Shares to Mountain Range and as at the LPD				After our IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%	No. of Shares	(iii)%	No. of Shares	(iii)%
Promoters and substantial shareholders												
Mountain Range	-	-	-	-	397,321,608	69.58	-	-	397,321,608	53.69	-	-
Ng Chay Chin	1	50.00	-	-	37,000,000	6.48	^(iv) 397,321,608	69.58	29,600,000	4.00	^(iv) 397,321,608	53.69
Chong Ewe Hean	1	50.00	-	-	29,600,000	5.18	^(iv) 397,321,608	69.58	25,900,000	3.50	^(iv) 397,321,608	53.69
Substantial shareholders												
Ng Meng Hang	-	-	-	-	37,740,000	6.61	-	-	18,500,000	2.50	-	-
Tang Ah Lek	-	-	-	-	34,780,000	6.09	-	-	22,200,000	3.00	-	-

Notes:

- (i) Based on issued share capital of 2 Shares.
- (ii) Based on the issued share capital of 571,011,000 Shares after the Acquisitions and as at the LPD.
- (iii) Based on the enlarged issued share capital of 740,000,000 Shares after our IPO.
- (iv) Deemed interest by virtue of his interest in Mountain Range pursuant to Section 8 of the Act.

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

4.1.4 Benefits paid or intended to be paid or given to our Promoters and substantial shareholders

Save for the following, there is no other amount or benefit that has been paid or intended to be paid or given to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus:

- (i) the distribution of dividends by Northeast Precision and NE Components for FYE 2022 and FYE 2023, respectively to our Promoters and substantial shareholders are as follows:

	FYE 2022	FYE 2023
	RM'000	RM'000
Ng Chay Chin	255	700
Chong Ewe Hean	255	350

- (ii) issuance of our Shares as consideration pursuant to the Acquisitions as set out in Section 5.1.1 of this Prospectus; and
- (iii) aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities are as set out in Section 4.2.4 of this Prospectus.

4.2 BOARD OF DIRECTORS

4.2.1 Shareholdings of our Directors

The details of our Directors and their respective shareholdings in our Company before our IPO/ as at the LPD and after our IPO (assuming each of our Directors subscribe in full for their respective entitlements under the Pink Form Allocations as set out in Section 3.3.1(ii) of this Prospectus) are as follows:

Name	Before our IPO/ As at the LPD				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Dato' Seri Lee Kah Choon	-	-	-	-	1,300,000	0.18	-	-
Ng Chay Chin	37,000,000	6.48	⁽ⁱⁱⁱ⁾ 397,321,608	69.58	29,600,000	4.00	⁽ⁱⁱⁱ⁾ 397,321,608	53.69
Chong Ewe Hean	29,600,000	5.18	⁽ⁱⁱⁱ⁾ 397,321,608	69.58	25,900,000	3.50	⁽ⁱⁱⁱ⁾ 397,321,608	53.69
Dato' Faiza Binti Zulkifli	-	-	-	-	800,000	0.11	-	-
Ong Kim Nam	-	-	-	-	800,000	0.11	-	-
Ong Guat Ean	-	-	-	-	800,000	0.11	-	-

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

Notes:

- (i) Based on the issued share capital of 571,011,000 Shares before our IPO/as at the LPD.
- (ii) Based on the enlarged issued share capital of 740,000,000 Shares after our IPO.
- (iii) Deemed interest by virtue of his interest in Mountain Range pursuant to Section 8 of the Act.

Save for Ng Chay Chin and Chong Ewe Hean who are the shareholders of Mountain Range, none of our Directors represents any corporate shareholder on our Board. Please refer to Section 4.7 of this Prospectus for details on the associations or family relationships and associations between our Promoters, substantial shareholders, Directors and Key Senior Management.

4.2.2 Profiles of our Directors

The profiles of our Directors, save for Ng Chay Chin and Chong Ewe Hean which are set out in Sections 4.1.2(ii) and 4.1.2(iii) of this Prospectus respectively, are as follows:

(i) Dato' Seri Lee Kah Choon

Dato' Seri Lee Kah Choon, a Malaysian age 64, is our Independent Non-Executive Chairman and was appointed to our Board on 15 January 2024.

In 1985, he obtained his Bachelor of Laws from the University of Southampton, UK. In 1986, he was called to the Bar of England and Wales at the Honourable Society of the Middle Temple. In 1987, he obtained his Master of Arts in Laws and Practice from The City University, UK. He was also called to the Malaysian Bar in the same year. Since 2019, he has been a Certified Financial Planner by the Financial Planning Association of Malaysia.

In 1987, he began his career with Messrs. Wong-Chooi & Mohd. Nor as a Legal Assistant, where he was responsible for providing legal services related to conveyancing, trust and estate, banking and corporate. In 1991, he was admitted as a Partner of the firm before leaving in 1998.

In 1999, he founded his own legal practice, Messrs. KC Lee & Partners to provide legal advisory services. As the Managing Partner, he focused on conveyancing, trust and estate, banking and corporate services.

In 2004, he relinquished his position in Messrs. KC Lee & Partners to undertake the role of Parliamentary Secretary to the Ministry of Health of Malaysia. He was responsible for assisting the Minister on health matters in Malaysia, answering legal related questions and tabling reports on behalf of the Minister in the house of Parliament during the absence of the Minister. In 2008, he left the position.

In 2008, he was appointed as a Director of several government-linked corporations. These included the Penang Development Corporation (the development agency of the State Government of Penang, where its principal activities include being the government think-tank, industrial park development, township development, urban redevelopment, affordable housing and investments) until 2023, as well as Invest-in-Penang Berhad (a non-profit entity of the Penang State Government with the primary purpose of promoting investments within Penang) until 2023. Further, he was a Director of Penang Hill Corporation (a firm established with the primary objectives of managing the funicular system and the development of Penang Hill) from 2010 to 2023. He was also a Special Investment Advisor to the Chief Minister of Penang until 2023.

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

As at the LPD, he sits on the board of several public listed companies and private limited companies as disclosed in Section 4.2.3(i) of this Prospectus.

He does not have any relationship with our Promoters, substantial shareholders, Directors and Key Senior Management.

(ii) Dato' Faiza Binti Zulkifli

Dato' Faiza Binti Zulkifli, a Malaysian age 64, is our Independent Non-Executive Director and was appointed to our Board on 15 January 2024. She is also the Chairman of our Remuneration Committee and a member of our Audit and Risk Management Committee and Nomination Committee.

She obtained her Bachelor of Law (Honours) from Universiti Malaya in 1984 and Master of Laws in Information Technology and Intellectual Property Law from University of East Anglia, Norwich, UK in 2006. She was admitted to the Malaysian Bar as an Advocate and Solicitor in 2020. She also obtained a Diploma in Professional Translation (legal module) from Institut Terjemahan Negara Malaysia in 2018.

In 1984, she began her career as a Magistrate, where she was responsible for presiding over civil and criminal matters in the Magistrate Court until 1988. From 1988 to 1991, she was appointed as the Assistant Director of the Malaysian Legal Aid Department in Perak. She was responsible for handling legal aid cases in the areas of family law, small estate (distribution), hire purchase, tenancy matters, road accidents and consumer claims.

From 1991 to 2002, she was appointed as a Legal Advisor for the Ministry of Domestic Trade and Consumer Affairs. She was responsible for managing and supervising all legal matters and appeared as Legal Counsel for the Ministry in civil cases. During her tenure with the Ministry, she was involved in various working committees in formulating strategies and policies and reviewing matters pertaining to the development of domestic trade, in particular in the distributive trade and consumerism sectors.

From 2002 to 2007, she was appointed as a Senior Assistant Parliamentary Draftsman at the Attorney General's Chambers of Malaysia. She was involved in drafting and vetting primary and subsidiary legislations and advising ministries on legal matters.

From 2007 to 2013, she was appointed as the Penang State Legal Advisor. She was responsible for managing and supervising legal matters in all Penang State departments. She was also a member of the Penang State Executive Council, member of the State Planning Committee, and the State Land Committee. She also appeared as Legal Counsel for the state in civil cases.

From 2014 to 2017, she served as the Chairman of the Advisory Board in the Prime Minister's Department. She was responsible for presiding over appeal cases filed by detainees detained under the preventive laws (laws against subversion, organised violence, and acts and crimes prejudicial to the public emergency powers).

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

From 2017 to 2018, she served as the Chairman of the Customs Appeal Tribunal under the Ministry of Finance where she presided over appeal cases filed by persons dissatisfied with the decisions of the Director General of Customs. Her last position with the government before her retirement in 2020 was being the Chairman of the Special Commissioners of Income Tax under the Ministry of Finance (from 2018 to 2020). She was responsible for presiding as Chairman in appeal cases filed by taxpayers against the assessment of the Director General of Inland Revenue Board, Malaysia.

From April 2022 to January 2023, she was appointed as a member of Suruhanjaya Perkhidmatan Air Negara. Additionally, in March 2022, she was appointed as a member of the Panel of the Tribunal for Consumer Claims Malaysia for a period of 3 years until February 2025.

As at the LPD, she sits on the board of several public listed companies as disclosed in Section 4.2.3(iv) of this Prospectus.

She does not have any relationship with our Promoters, substantial shareholders, Directors and Key Senior Management.

(iii) Ong Kim Nam

Ong Kim Nam, a Malaysian age 68, is our Independent Non-Executive Director and was appointed to our Board on 15 January 2024. He is also the Chairman of our Audit and Risk Management Committee and a member of our Nomination Committee and Remuneration Committee.

In 1975, he completed his secondary lower six education from Sekolah Menengah Westland, Pulau Pinang.

He obtained his professional qualification from the Association of Chartered Certified Accountants, UK ("**ACCA**") and was admitted as a member of ACCA in 1992. He has been a Chartered Accountant with the Malaysian Institute of Accountants ("**MIA**") since 1993 and a Fellow of ACCA since 1997.

From 1975 to 1977, he took a break after the completion of his secondary education and was considering options moving forward. In 1977, he began his career by joining Kiat & Associates as Audit Junior where he assisted in conducting audit assignments. Over the years, he took on additional responsibilities in conducting audit assignments before being transferred to Kiat & Associates Management Consultants Sdn Bhd as Manager in 1984. As a Manager, he was responsible for providing consultancy services in relation to taxation and management services.

In 1991, he left Kiat & Associates Management Consultants Sdn Bhd and joined A.A. Anthony & Co Sdn Bhd as General Manager where he was responsible for coordinating and managing the transactional processing and documentations of share transactions, as well as overseeing the finance and administration department.

In 1994, he left A.A. Anthony & Co Sdn Bhd and founded OKN Management PLT (formerly known as OKN Management (M) Sdn Bhd), a company specialising in providing advisory services on matters pertaining to financial management and taxation. As the founder, he oversees the overall operations of the company and formulates strategies to drive the growth of the company.

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

As at the LPD, he sits on the board of a public listed company as disclosed in Section 4.2.3(v) of this Prospectus.

He does not have any relationship with our Promoters, substantial shareholders, Directors and Key Senior Management.

(iv) Ong Guat Ean

Ong Guat Ean, a Malaysian age 60, is our Independent Non-Executive Director and was appointed to our Board on 15 January 2024. She is also the Chairman of our Nomination Committee and a member of our Audit and Risk Management Committee and Remuneration Committee.

In 1988, she obtained her Bachelor of Law (Honours) from Universiti Malaya. She was admitted to the Malaysian Bar as an Advocate and Solicitor in 1989. In 1999, she obtained her Master of Business Administration from Universiti Sains Malaysia.

In 1989, she began her career with Messrs. Wong-Chooi & Mohd. Nor as a Legal Assistant. She was involved in providing litigation and conveyancing services. In 1996, she was admitted as a Partner of the firm and her responsibilities were extended to providing advisory services. In 1999, she was appointed as a Partner of the Butterworth branch office of Messrs. Wong-Chooi & Mohd. Nor where she focused on providing conveyancing and advisory services as well as overseeing the business and operations of the Butterworth branch office. In 2013, she left Messrs. Wong-Chooi & Mohd. Nor.

After accumulating approximately 24 years of work experience in the legal industry, she co-founded the law firm, Messrs. Annie Ong-Teng & Associates in 2013. As a founding Partner, she leads the firm and provides advisory services pertaining to litigation and conveyancing.

As at the LPD, she does not hold any directorship in any public listed companies or private limited companies.

She does not have any relationship with our Promoters, substantial shareholders, Directors and Key Senior Management.

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

4.2.3 Involvement of our Directors in other principal business activities outside our Group

The principal business activities performed by our Directors outside our Group as at the LPD and their present directorships in companies outside our Group and in the past 5 years preceding the LPD are as follows:

(i) Dato' Seri Lee Kah Choon

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
<i>Present involvement:</i>			
Aemulus Holdings Berhad	Investment holding (a public listed company with subsidiaries principally engaged in designing and developing automated test equipment and test and measuring instruments and provision of design consultancy and test related services)	Independent Non-Executive Chairman	Shareholder with approximately 0.003% direct equity interest
Cereal Products (M) Sdn Bhd	Manufacturing and marketing of cereal products	Director	-
Federal Oats Mills Sdn Bhd	Manufacturer of oats	Director	-
Khong Guan Vegetable Oil Refinery Sdn Bhd	Repacking, refining and marketing of edible oil	Director	-
L&P Global Berhad	Investment holding and provision of management services to its subsidiaries (a public listed company with subsidiaries principally engaged in provision of integrated industrial packaging solutions)	Independent Non-Executive Director	Shareholder with approximately 0.10% direct equity interest
Leong Hong Oil Mill Sdn Bhd	Marketing of pollard and bran as well as investment holding company	Director	-
NationGate Holdings Berhad	Investment holding (a public listed company with subsidiaries principally engaged in providing electronic manufacturing services)	Independent Non-Executive Director	Shareholder with approximately 0.084% direct equity interest

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

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
<i>Previous involvement:</i>			
Invest-In-Penang Berhad	Promoting investment in the state of Penang	Director (ceased directorship on 30 September 2023)	-
Island Golf Properties Bhd	Operation of the Penang Golf Club which provides golfing and social facilities	Director (ceased directorship on 21 August 2020)	-
PDC Premier Holdings Sdn Bhd	Investment holding company and provision of human resource related and management consultancy services	Director (ceased directorship on 9 October 2023)	-
Malaysia Debt Ventures Berhad	Provision of financing facilities to the information and communication technology ("ICT"), biotechnology and other emerging technology sectors as mandated by the Government of Malaysia to spur the development of the ICT and biotechnology sectors in Malaysia	Non-Executive Chairman (ceased directorship on 28 October 2020)	-

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

(ii) Ng Chay Chin

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
<i>Present involvement:</i>			
Mountain Range	Investment holding company to hold Shares in our Company	Director	Shareholder with approximately 45.30% direct equity interest
<i>Previous involvement:</i>			
FY Builder Sdn Bhd	Engineering consultancy services in relation to property construction	Director (ceased directorship on 1 June 2022)	-
Nordost Sdn Bhd	Operating cafe and operating restaurant (dissolved on 3 January 2020)	Director (deemed ceased directorship as at the dissolution date on 3 January 2020)	-
Triones Sdn Bhd (formerly known as Starwave Sdn Bhd)	Provision of painting services and general repairs for industrial, commercial and domestic buildings	Director (ceased directorship on 31 May 2023)	-

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

(iii) Chong Ewe Hean

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
<i>Present involvement:</i>			
Mountain Range	Investment holding company to hold Shares in our Company	Director	Shareholder with approximately 26.70% direct equity interest
<i>Previous involvement:</i>			
Nordost Sdn Bhd	Operating cafe and operating restaurant (dissolved on 3 January 2020)	Director (deemed ceased directorship as at the dissolution date on 3 January 2020)	-
Triones Sdn Bhd (formerly known as Starwave Sdn Bhd)	Provision of painting services and general repairs for industrial, commercial and domestic buildings	Director (ceased directorship on 31 May 2023)	-

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

(iv) Dato' Faiza Binti Zulkifli

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
<i>Present involvement:</i>			
ARK Resources Holdings Berhad	Investment holding and provision of management services (a public listed company with subsidiaries principally engaged in property development, civil, building, construction and engineering works and turnkey construction)	Independent Non-Executive Director	-
Mestron Holdings Berhad	Investment holding (a public listed company with subsidiaries principally engaged in manufacturing of steel poles, trading of outdoor lighting products, renewable energy and property development)	Independent Non-Executive Chairman	-
NationGate Holdings Berhad	Investment holding (a public listed company with subsidiaries principally engaged in providing electronic manufacturing services)	Independent Non-Executive Director	-
<i>Previous involvement:</i>			
Nil	-	-	-

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

(v) Ong Kim Nam

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
<i>Present involvement:</i>			
Eng Kah Corporation Berhad	Investment holding (a public listed company with subsidiaries principally engaged in providing manufacturing, sales, marketing and distributing of personal care, household, perfume products, and home fragrance and aromatherapy souvenir)	Independent Non-Executive Director	Shareholder with approximately 0.01% direct equity interest and 0.03% indirect equity interest by virtue his spouse pursuant to Section 59(11)(c) of the Act
OKN Management PLT*	Provision of accounting, bookkeeping and auditing activities, tax consultancy, information communication technology system security services	Partner	-
<i>Previous involvement:</i>			
PWF Corporation Berhad	Investment holding and provision of management services (a public listed company with subsidiaries principally engaged in providing broiler farming, breeding of day-old chicks, manufacturing and selling of poultry feeds and pet food, processing and distributing of poultry products)	Independent Non-Executive Director (ceased directorship on 31 May 2023)	Shareholder with approximately 0.003% direct equity interest
Sincere Commercial Services Sdn Bhd	Commercial services (dissolved on 6 December 2019)	Director (deemed ceased directorship as at the dissolution date on 6 December 2019)	-

Note:

* As part of the service provided by OKN Management PLT to its limited liability partnership customers, Ong Kim Nam is also acting as compliance officer for some of these customers.

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

(vi) Ong Guat Ean

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
<i>Present involvement:</i>			
Annie Ong-Teng & Associates	Provision of legal services	Partner	-
<i>Previous involvement:</i>			
Nil	-	-	-

Our Managing Director and Executive Director are not involved in any business activities outside our Group save for Mountain Range, which is an investment holding company holding Shares of our Company. As such, their involvement will not affect their ability to perform their roles and responsibilities as well as their contributions to our Group.

The involvement of our Independent Non-Executive Directors in other business activities outside our Group will not affect their contributions to our Group as their involvement in our Company are to the extent of attending meetings and discharging their responsibilities as independent directors.

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

4.2.4 Remuneration and material benefits-in-kind of our Directors

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered to us in their capacities to our Group for the FYEs 2023 and 2024 are as follows:

FYE 2023 (Actual):

	Directors' fees	Salary	Bonus	Allowances and benefits-in-kind	Other emoluments ⁽ⁱ⁾	Total
Name	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dato' Seri Lee Kah Choon	-	-	-	-	-	-
Ng Chay Chin	187	2,010	-	24	245	2,466
Chong Ewe Hean	48	1,780	-	24	218	2,070
Dato' Faiza Binti Zulkifli	-	-	-	-	-	-
Ong Kim Nam	-	-	-	-	-	-
Ong Guat Ean	-	-	-	-	-	-

FYE 2024 (Proposed):

	Directors' fees	Salary	Bonus ⁽ⁱⁱⁱ⁾	Allowances and benefits-in-kind	Other emoluments ⁽ⁱ⁾	Total
Name	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dato' Seri Lee Kah Choon ⁽ⁱⁱ⁾	34	-	-	1	-	35
Ng Chay Chin	-	1,500	-	24	181	1,705
Chong Ewe Hean	-	1,500	-	24	181	1,705
Dato' Faiza Binti Zulkifli ⁽ⁱⁱ⁾	28	-	-	3	-	31
Ong Kim Nam ⁽ⁱⁱ⁾	30	-	-	4	-	34
Ong Guat Ean ⁽ⁱⁱ⁾	28	-	-	3	-	31

Notes:

- (i) These comprise contributions to EPF, SOCSO and EIS.

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

- (ii) Dato' Seri Lee Kah Choon, Dato' Faiza Binti Zulkifli, Ong Kim Nam and Ong Guat Ean were appointed to our Board on 15 January 2024. Hence, the total for FYE 2024 is based on a pro rata basis.
- (iii) The final bonus will be determined later based on the individual's performance as well as our Group's business performance and cash flows at the time of assessment.

The remuneration of our Directors must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Our Directors' fees must be further approved/endorsed by our shareholders pursuant to an ordinary resolution passed at a general meeting.

4.3 BOARD PRACTICES

Our Board is responsible in leading and managing our Company in an effective and responsible manner and all our Directors have an equal responsibility for our operations and corporate accountability.

With the limit set by our Constitution, our Board is responsible for the governance and management of our Company, which include reviewing and adopting a strategic plan and direction for our Group, overseeing the conduct and performance of our Group's businesses to evaluate whether our businesses are being properly managed, identifying our Group's principal risks and ensuring the implementation of appropriate internal controls and mitigation measures, establishing a succession plan for our senior management, as well as reviewing the adequacy and the integrity of the management information and internal control system of our Group.

4.3.1 Term of office of our Board

The details of our Directors, all of whom are Malaysians, the expiration of each of their current term of office and the period they have served in office as at the LPD are as follows:

Name	Age	Designation	Date of appointment	Date of expiration of the current term of office	Approximate no. of years in office up to the LPD
Dato' Seri Lee Kah Choon	64	Independent Non-Executive Chairman	15 January 2024	Shall retire at our 2 nd annual general meeting (" AGM ") to be held in 2025	Less than 1 year
Ng Chay Chin	50	Managing Director	18 July 2022	Shall retire at our 2 nd AGM to be held in 2025	2 years
Chong Ewe Hean	52	Executive Director	18 July 2022	Shall retire at our 3 rd AGM to be held in 2026	2 years
Dato' Faiza Binti Zulkifli	64	Independent Non-Executive Director	15 January 2024	Shall retire at our 2 nd AGM to be held in 2025	Less than 1 year

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

Name	Age	Designation	Date of appointment	Date of expiration of the current term of office	Approximate no. of years in office up to the LPD
Ong Kim Nam	68	Independent Non-Executive Director	15 January 2024	Shall retire at our 2 nd AGM to be held in 2025	Less than 1 year
Ong Guat Ean	60	Independent Non-Executive Director	15 January 2024	Shall retire at our 2 nd AGM to be held in 2025	Less than 1 year

In accordance with our Constitution, an election of Directors shall take place each year at the annual general meeting of our Company where 1/3 of our Directors who are subject to retirement by rotation 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 and be eligible for re-election, provided that all Directors shall retire from office at least once in every 3 years. A retiring Director shall be eligible for re-election. A Director retiring at a meeting shall retain office until the conclusion of the meeting.

Our Board acknowledges and takes cognisance of the MCCG which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture.

Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively.

Our Board is committed to achieving and sustaining high standards of corporate governance and we have considered the additional best practices and guidance set out in the MCCG which includes the non-involvement of our Chairman in our Audit and Risk Management Committee, Nomination Committee and Remuneration Committee and for our Company to have at least 30% women directors on our Board.

4.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was formed by our Board on 15 January 2024. The members of our Audit and Risk Management Committee consist of the following:

Name	Designation	Directorship
Ong Kim Nam	Chairman	Independent Non-Executive Director
Dato' Faiza Binti Zulkifli	Member	Independent Non-Executive Director
Ong Guat Ean	Member	Independent Non-Executive Director

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

Our Audit and Risk Management Committee undertakes, amongst others, the following functions:

External audits

- (i) to nominate and recommend the appointment and reappointment of external auditors taking into consideration the adequacy of experience, resources and audit fee, and any issue regarding resignation or dismissal of the external auditors;
- (ii) to review with the external auditors, the nature, scope and plan of the audit before the commencement of the audit and report the same to our Board;
- (iii) to review with the external auditors, their audit report and evaluation of accounting policies and systems of internal controls and risk management, and report the same to our Board;
- (iv) to review the circumstances of non-audit services that can be entered into and procedures that must be followed by the external auditors;
- (v) to monitor the external auditors' compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid compared to other quote(s) obtained for similar services and other related requirements; and
- (vi) to ensure proper policies and procedures are established to assess the suitability, objectivity and independence of the external auditors to safeguard the quality and reliability of audited financial statements, including obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of reference of all relevant professional and regulatory requirements.

Internal audits

- (i) to review and report to our Board the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (ii) to review and report the same to our Board on the internal audit reviews, processes, the results of the internal audit reviews, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations by the internal audit function;
- (iii) to review the adequacy of our Group's risk profile and risk management framework, and assess the resources and knowledge of the senior management and employees involved in the risk management process;
- (iv) to review the effectiveness of the internal control systems and risk management system deployed by the senior management to address those risks, and recommend corrective measures undertaken to remedy failings and/or weaknesses;
- (v) to communicate and monitor the risk assessment results to our Board; and

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

- (vi) to review the statement of risk management and internal control for disclosure in the annual report and ensure that such disclosure is in compliance with the requirements of the relevant authorities.

Financial reporting

- (i) to make recommendations to our Board, review the quarterly and year-end financial statements and report the same to our Board, focusing particularly on:
 - (a) any changes in or implementation of major accounting policies;
 - (b) significant matters highlighted including financial reporting issues, significant judgement made by the senior management, significant and unusual events or transactions, and how these matters are addressed;
 - (c) significant adjustments arising from the audit;
 - (d) the going concern assumption; and
 - (e) compliance with accounting standards and other legal requirements.

Others

- (i) to review any related party transactions (including recurrent related party transactions) and conflict of interest situation that may arise within our Group (including any transaction, procedure or course of conduct that raises questions of management integrity) and report the same to our Board;
- (ii) to review any related party transaction entered into by our Company or our Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms, on terms not more favourable to the related parties than those generally available to the public, and to ensure that our Directors report such transaction annually to the shareholders in the annual report;
- (iii) to maintain and keep under review the whistle-blowing mechanism of our Group which shall be in accordance with Whistleblowing Policy, as well as an effective and efficient set of investigation procedures, which aims to provide protection and confidentiality;
- (iv) to ensure that the results of any audit, reviews of risk assessment, control measures and performance are reported to all top-level management, including the full Board and acted upon;
- (v) have the resources which are required to perform its duties, including assigning a competent person or function to be responsible for all anti-corruption and anti-bribery compliance matters;
- (vi) ensure the internal and external trainings in relation to anti-corruption and anti-bribery are developed for Directors, senior management and all employees;
- (vii) review the major findings of any corruption and whistle-blower matters, deliberate and decide on the appropriate actions required on such matters until the matters are resolved satisfactorily; and

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

- (viii) to review and verify the allocation of options or granting of shares to employees under employees' share issuance scheme, if any.

4.3.3 Nomination Committee

Our Nomination Committee was formed by our Board on 15 January 2024. The members of our Nomination Committee consist of the following:

Name	Designation	Directorship
Ong Guat Ean	Chairman	Independent Non-Executive Director
Dato' Faiza Binti Zulkifli	Member	Independent Non-Executive Director
Ong Kim Nam	Member	Independent Non-Executive Director

Our Nomination Committee undertakes, amongst others, the following functions:

- (i) to recommend to our Board, candidates for all directorship vacancies to be filled;
- (ii) to recommend to our Board, candidates to fill the seats on Board committees and recommend to our Board in respect of Directors' independence and conflicts of interests, if any, and the steps to be taken to manage potential conflicts of interest;
- (iii) to assess the skill gaps and training needs of each Director, review the fulfilment of such training and disclose such details in the annual report as appropriate;
- (iv) to review our Board's succession plans taking into consideration the present size, structure and composition of the Board and Board Committees as well as the required skills mix, experience and competency required, and make recommendations to our Board with regard to any adjustments that are deemed necessary;
- (v) to assist our Board to review, on an annual basis, the appropriate balance and size of non-executive participation in establishing procedures and processes toward an annual assessment of the effectiveness of our Board as a whole and the contribution of each individual Director and Board committee member;
- (vi) to assess the effectiveness of our Board as a whole annually, the Board committees and contribution of each individual Director to determine whether such Directors or Board committees and its members (as the case may be) have carried out their duties in accordance with the Board Charter and their respective terms of reference. All assessments and evaluations carried out by the Nomination Committee in the discharge of its functions should be properly documented; and
- (vii) to review the tenure of each Director and perform annual re-election of Directors with consideration of satisfactory evaluation on their performance and contribution.

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

4.3.4 Remuneration Committee

Our Remuneration Committee was formed by our Board on 15 January 2024. The members of our Remuneration Committee consist of the following:

Name	Designation	Directorship
Dato' Faiza Binti Zulkifli	Chairman	Independent Non-Executive Director
Ong Kim Nam	Member	Independent Non-Executive Director
Ong Guat Ean	Member	Independent Non-Executive Director

Our Remuneration Committee undertakes, amongst others, the following functions:

- (i) to set, review, recommend and advise the policy framework relating to the remunerations of our Directors and Key Senior Management;
- (ii) to review and recommend to our Board the remuneration packages of our Directors (both executive and non-executive) and Key Senior Management including bonuses, incentives, benefits-in-kind, severance payments, any grant of entitlement under share scheme (where applicable) based on merit, qualification and competence taking into consideration the operating results, individual performance and comparable market statistics;
- (iii) to review the history of and proposals for the remuneration package of each of the Board committees; and
- (iv) ensure frequent communication with the Nomination Committee to align remuneration policies and procedures to succession planning and ensure risk outcomes are adequately considered in the design of remuneration policies and procedures.

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

4.4 MANAGEMENT REPORTING STRUCTURE

The following chart illustrates the management reporting structure of our Group:



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

4.5 KEY SENIOR MANAGEMENT

4.5.1 Shareholdings of our Key Senior Management

Save for the shareholdings of Ng Chay Chin and Chong Ewe Hean, being our Managing Director and Executive Director respectively, which have been set out in Section 4.2.1 of this Prospectus, the details of our Key Senior Management and their respective shareholdings in our Company as at the LPD and after our IPO (assuming each of our Key Senior Management subscribes in full for their respective entitlements under the Pink Form Allocations as set out in Section 3.3.1(ii) of this Prospectus) are as follows:

Name	Designation	Before our IPO/ As at the LPD				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Ng Chai Hee	Senior Operations Director	12,580,000	2.20	-	-	8,880,000	1.20	-	-
Yin Thien Hee	Senior Business & Sales Director	12,580,000	2.20	-	-	7,400,000	1.00	-	-
Tan Suat Hoon	Chief Financial Officer	-	-	-	-	50,000	*	-	-

Notes:

(i) Based on the issued share capital of 571,011,000 Shares before our IPO/as at the LPD.

(ii) Based on the enlarged issued share capital of 740,000,000 Shares after our IPO.

* Less than 0.01%.

Save for Ng Chay Chin and Chong Ewe Hean who are the representatives of Mountain Range, none of our Key Senior Management are representatives of any corporate shareholder.

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

4.5.2 Profiles of our Key Senior Management

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

(i) **Ng Chai Hee**

Ng Chai Hee, a Malaysian age 46, is our Senior Operations Director. He is responsible for overseeing the overall operations and manufacturing activities of our Group.

In 1994, he completed Form 3 in Sekolah Menengah Serdang, Kedah and studied in the same school until 1996.

He has approximately 28 years of experience in machine configuration and troubleshooting, as well as manufacturing operations of precision engineering components.

In 1996, he began his career when he joined Eng Teknologi Sdn Bhd, a wholly-owned subsidiary of Eng Teknologi Holdings Bhd (a company previously listed on the Second Board of the KLSE and was subsequently transferred to the Main Board of the KLSE before it was delisted in 2012) as a Technician. He was responsible for configuring, calibrating as well as troubleshooting machines.

In 1999, he left Eng Teknologi Sdn Bhd and joined Mahlin Min Aik Corporation Sdn Bhd as a Technician. Similarly, he was responsible for configuring, calibrating as well as troubleshooting machines. In 2001, he left Mahlin Min Aik Corporation Sdn Bhd and joined JCY HDD Technology Sdn Bhd, a wholly-owned subsidiary of JCY International Berhad (a company previously listed on the Main Market of Bursa Securities) as Shift Leader, where he was responsible for planning and monitoring production schedules of hard disk components.

In 2004, he left JCY HDD Technology Sdn Bhd and joined Engtek Precision Philippines, Inc, a wholly-owned subsidiary of Eng Teknologi Holdings Bhd, as a Technical Supervisor. He was responsible for supervising production planning activities and implementation of operational strategies in the manufacturing of precision engineering components. He left Engtek Precision Philippines Inc. after a few months in June 2004 and returned to Malaysia in the same year.

In July 2004, he joined our Group as a Manager where he was involved in coordinating and managing our day-to-day operations and manufacturing activities. In 2010, he was redesignated to Operations Manager where he assumed similar responsibilities. In 2014 and 2022, he was promoted to General Manager and Senior General Manager respectively, where he was responsible for overseeing the overall operations and manufacturing activities of our Group. In 2023, he was promoted to Senior Operations Director, a position he holds to date.

As at the LPD, he does not hold any directorship in any public listed companies or private limited companies.

Save as disclosed in Section 4.7 of this Prospectus, he has no other relationships with our Promoters, substantial shareholders, Directors and other Key Senior Management.

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

(ii) Yin Thien Hee

Yin Thien Hee, a Malaysian age 51, is our Senior Business & Sales Director. He is responsible for managing and overseeing the sales and marketing activities of our Group.

In 1995, he obtained his Diploma of Mechanical Engineering from Federal Institute of Technology Malaysia (in affiliation with and recognised by Northumbria University in Newcastle, UK and University of Sunderland, UK).

He has approximately 28 years of experience in the material handling and automation equipment industry as well as the precision engineering industry.

In 1996, he began his career with G-Force Sdn Bhd as a Sales Executive, where he was involved in the sales of material handling equipment and customer services. He left G-Force Sdn Bhd in the same year.

In 1997, he joined Alstron Engineering (M) Sdn Bhd as a Sales Engineer, where he was responsible for the sales of automation equipment as well as managing customer relationships. In 1999, he left Alstron Engineering (M) Sdn Bhd to join Shanghai Komark Labels & Labelling Co. Ltd in China as a Sales Engineer, where he was involved in business development activities to drive the sales of automation equipment.

In 2001, he left Shanghai Komark Labels & Labelling Co. Ltd to join Clearpack Automation Suzhou Co. Ltd in China as a Sales Manager, where he was responsible for managing and leading a sales team, managing customer relationships as well as generating sales for automation equipment. In 2004, he left Clearpack Automation Suzhou Co Ltd in China and returned to Malaysia.

In 2005, he joined Wong Engineering Industries Sdn Bhd as a Sales Manager. He was involved in business development activities to drive the sales of precision engineering components.

In 2008, he left Wong Engineering Industries Sdn Bhd and joined LKT Precision Engineering Sdn Bhd as Business Development Manager. He was involved in business development activities to drive the sales of precision engineering components.

In 2009, he left LKT Precision Engineering Sdn Bhd and joined our Group as a Manager where he was involved in business development activities to expand our customer base and to drive the sales of our precision engineering components. In 2019, he was appointed as Business Director where he was responsible for managing and executing our business development strategies and activities. In 2022, he was redesignated as our Marketing Director and was promoted to Senior Business & Sales Director in 2023, a position he holds to-date.

As at the LPD, he does not hold any directorship in any public listed companies or private limited companies.

Save as disclosed in Section 4.7 of this Prospectus, he has no other relationships with our Promoters, substantial shareholders, Directors and other Key Senior Management.

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

(iii) Tan Suat Hoon

Tan Suat Hoon, a Malaysian age 55, is our Chief Financial Officer. She is responsible for overseeing the accounting, financial and corporate matters of our Group.

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, UK ("**CIMA**") and the ACCA in 1996 and as Fellow for both CIMA and ACCA in 2001. She has also been a Chartered Accountant with MIA since 1996. She is presently a member of CIMA and MIA.

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, privatisations and take-overs.

She began her career as an Audit Assistant with KPMG Peat Marwick (now known as 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.

In 1996, she joined Malaysia International Merchant Bankers Berhad (which was taken over by EON Bank Berhad and subsequently by Hong Leong Bank Berhad) as an Executive in Corporate Finance and left in 2002 as a Manager, where she was involved in providing advisory and consultancy services, as well as managing corporate exercises for clients in various industries.

In 2002, she joined AmInvestment Bank Berhad as a Manager in Corporate Finance and left in 2017 as a Senior Vice President, where she was responsible for providing advisory and consultancy services as well as coordinating and leading corporate exercises for clients in various industries.

In 2017, she joined Pen Petroleum Sdn Bhd as Senior Group Finance Manager where she was responsible for supervising the daily functions of the finance department. In 2018, she left Pen Petroleum Sdn Bhd and joined Kenanga Investment Bank Berhad as Senior Vice President in Corporate Finance where she was responsible for providing advisory and consultancy services as well as leading corporate finance exercises for clients in various industries.

In June 2021, she left Kenanga Investment Bank Berhad and joined Texchem Corporation Sdn Bhd, a subsidiary of Texchem Resources Bhd ("**TRB**"), 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 before she left in September 2022. She was responsible for ensuring compliance of TRB with relevant regulatory requirements and managing ad-hoc projects assigned by the Presidential Office.

In September 2022, she joined our Group as our Chief Financial Officer where she assumed her current responsibilities.

As at the LPD, she sits on the board of several public listed companies and a public limited company as disclosed in Section 4.5.3(iii) of this Prospectus.

She does not have any relationship with our Promoters, substantial shareholders, Directors and Key Senior Management.

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

4.5.3 Involvement of our Key Senior Management in other principal business activities outside our Group

Save for the involvement of Ng Chay Chin and Chong Ewe Hean, being our Managing Director and Executive Director respectively, which have been set out in Section 4.2.3 of this Prospectus, the principal business activities performed by our Key Senior Management outside our Group as at the LPD and their present directorships in companies outside our Group and in the past 5 years preceding the LPD are as follows:

(i) Ng Chai Hee

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
<i>Present involvement:</i>			
Mountain Range	Investment holding company to hold Shares in our Company	-	Shareholder with approximately 2.60% direct equity interest
<i>Previous involvement:</i>			
FY Builder Sdn Bhd	Engineering consultancy services in relation to property construction	Director (ceased directorship on 4 November 2019)	-

(ii) Yin Thien Hee

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
<i>Present involvement:</i>			
Mountain Range	Investment holding company to hold Shares in our Company	-	Shareholder with approximately 3.20% direct equity interest
<i>Previous involvement:</i>			
FY Builder Sdn Bhd	Engineering consultancy services in relation to property construction	Director (ceased directorship on 4 November 2019)	-

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

(iii) Tan Suat Hoon

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
<i>Present involvement:</i>			
CBH Engineering Holding Berhad	Investment holding (a public limited company and through its proposed subsidiaries, they are principally an electrical engineering service provider and specialise in electricity supply distribution systems. It also undertakes mechanical engineering works for building systems)	Independent Non-Executive Director	-
Central Global Berhad	Investment holding (a public listed company with subsidiaries principally engaged in manufacturing, sales and trading of self-adhesive label stocks and tape, contractor and construction of building and infrastructure and trading of building materials, provision of information technology and related services; investment holding in property and real estate and operation of general facilities that produce electric energy and construction of power plants)	Independent Non-Executive Director	-
Elridge Energy Holdings Berhad	Investment holding (a public listed company with subsidiaries principally engaged in manufacturing and trading of biomass fuel products, particularly palm kernel shells as well as wood pellets)	Independent Non-Executive Director	Shareholder with approximately 0.025% direct equity interest
Smart Asia Chemical Bhd	Investment holding (a public listed company with subsidiaries principally engaged in the development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications)	Independent Non-Executive Director	Shareholder with approximately 0.01% direct equity interest

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

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
<p><i>Previous involvement:</i></p> <p>PGF Capital Berhad</p>	<p>Investment holding, trading of fibre glasswool and its related products and provision of management services (a public listed company with subsidiaries principally engaged in manufacturing, sale and trading of fibre glasswool and its related products; property development, investment holding in property, manufacturing and trading of building and hygiene products and plantation of tropical fruits)</p>	<p>Independent Non-Executive Director (ceased directorship on 31 July 2024)</p>	-

Ng Chai Hee and Yin Thien Hee are not involved in any business activities outside our Group save for Mountain Range, which is an investment holding company holding Shares of our Company. As such, their involvement will not affect their ability to perform their roles and responsibilities as well as their contributions to our Group.

In addition, the involvement of Tan Suat Hoon in CBH Engineering Holding Berhad, Central Global Berhad, Elridge Energy Holdings Berhad and Smart Asia Chemical Bhd as an Independent Non-Executive Director is not expected to require a significant amount of her time and affect her contribution to our Group as her involvement in business activities outside our Group are to the extent of attending meetings and discharging her responsibilities as an independent director. Her attendance in these meetings requires minimal travelling time as most of the meetings are conducted virtually, thus, allowing her to spend the majority of her time in our Group. Further, apart from Tan Suat Hoon, our Group's accounting and finance function is supported by a team of 5 personnel, one of whom is also a qualified accountant and holds the position of Financial Controller.

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

4.5.4 Remuneration and material benefits-in-kind of our Key Senior Management

Save for the aggregate remuneration and material benefits-in-kind paid and proposed to be paid to Ng Chay Chin and Chong Ewe Hean, being our Managing Director and Executive Director respectively which have been set out in Section 4.2.4 of this Prospectus, the aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our other Key Senior Management for services rendered to us in their capacities to our Group for the FYEs 2023 and 2024 are as follows:

Name	Remuneration band	
	FYE 2023 (Actual)	FYE 2024 (Proposed)
	RM'000	RM'000
Ng Chai Hee	200 - 250	200 - 250
Yin Thien Hee	550 - 600	550 - 600
Tan Suat Hoon	350 - 400	350 - 400

4.6 SERVICE CONTRACTS

As at the LPD, we do not have any existing or proposed service contract with our Directors or Key Senior Management, which provides for benefits upon termination of employment.

4.7 ASSOCIATIONS OR FAMILY RELATIONSHIPS BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there is no association or family relationship between any of our Promoters, substantial shareholders, Directors and Key Senior Management:

Name	Position	Relationship
Ng Chay Chin	Promoter, substantial shareholder, Director and Key Senior Management. He is also the Director of NE Components, NE Integrated, NE Solutions, NE Technologies and Northeast Precision.	<ul style="list-style-type: none"> • Brother of Ng Chai Hee • Director and substantial shareholder of Mountain Range
Chong Ewe Hean	Promoter, substantial shareholder, Director and Key Senior Management. He is also the Director of NE Components, NE Integrated, NE Solutions, NE Technologies and Northeast Precision.	<ul style="list-style-type: none"> • Director and substantial shareholder of Mountain Range
Ng Chai Hee	Specified Shareholder and Key Senior Management. He is also the Director of NE Integrated and NE Technologies.	<ul style="list-style-type: none"> • Brother of Ng Chay Chin • Shareholder of Mountain Range
Yin Thien Hee	Shareholder and Key Senior Management. He is also the Director of NE Components.	<ul style="list-style-type: none"> • Shareholder of Mountain Range

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

4.8 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

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

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

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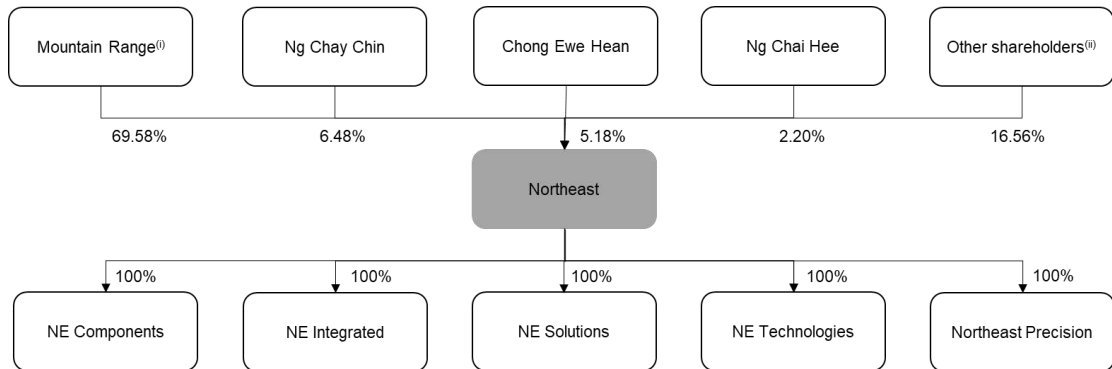
5. INFORMATION ON OUR GROUP

5.1 OUR COMPANY

Our Company was incorporated in Malaysia under the Act on 18 July 2022 as a private company limited by shares under the name of Northeast Group Sdn Bhd. On 5 January 2024, we completed the Acquisitions which resulted in NE Components, NE Integrated, NE Solutions, NE Technologies and Northeast Precision becoming our wholly-owned subsidiaries. Subsequently, on 10 January 2024, our Company was converted to a public limited company to facilitate our Listing and assumed our current name.

We are an investment holding company. Through our subsidiaries, we are principally involved in the manufacturing of precision engineering components used in the photonics, E&E, semiconductor, telecommunication and optoelectronics industries. Precision engineering components are parts that are precisely machined in exact and accurate dimensions (i.e. tolerances for variation of up to a single-digit micron range) to be further processed and/or assembled to form end-products by our customers.

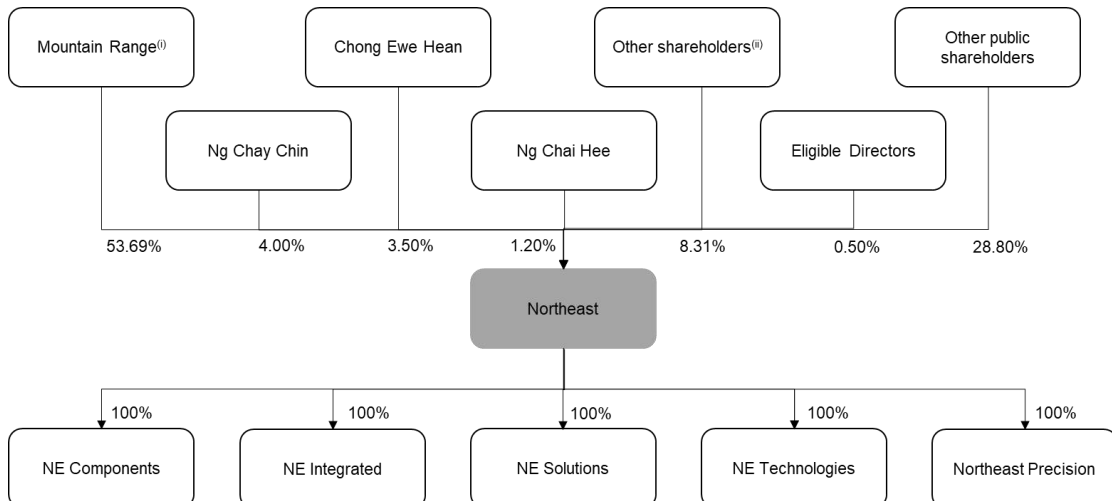
As at the LPD, our group structure is as follows:



Notes:

- (i) Mountain Range is owned by Ng Chay Chin (45.30%), Chong Ewe Hean (26.70%), Ng Meng Hang (13.50%), Tang Ah Lek (8.70%), Yin Thien Hee (3.20%) and Ng Chai Hee (2.60%).
- (ii) Consists of 4 shareholders, namely Ng Meng Hang (6.61%), Tang Ah Lek (6.09%), Yin Thien Hee (2.20%) and Huang HongHui (1.65%).

Upon Listing, our group structure will be as follows:



5. INFORMATION ON OUR GROUP (CONT'D)

Notes:

- (i) Mountain Range is owned by Ng Chay Chin (45.30%), Chong Ewe Hean (26.70%), Ng Meng Hang (13.50%), Tang Ah Lek (8.70%), Yin Thien Hee (3.20%) and Ng Chai Hee (2.60%).
- (ii) Consists of 6 shareholders, namely Ng Meng Hang (2.50%), Tang Ah Lek (3.00%), Yin Thien Hee (1.00%), Huang HongHui (1.27%), Ng Ai Lee (0.27%) and Chen Bun Chong (0.27%). For informational purposes, Ng Meng Hang, Tang Ah Lek and Huang HongHui are public shareholders holding an aggregate of approximately 6.77% in Northeast upon Listing.

Please refer to Section 5.2 of this Prospectus for further details on our subsidiaries.

5.1.1 Acquisitions

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

(i) Acquisition of NE Components

On 5 January 2024, our Company acquired the entire issued share capital in NE Components comprising 500,000 ordinary shares from the vendors for a purchase consideration of RM31,630,700. The purchase consideration was wholly satisfied via the issuance of 126,522,800 new Shares at an issue price of RM0.25 per Share to the following vendors (who then novated a portion of their Shares to a holding company, Mountain Range):

	Shareholding in NE Components		Purchase Consideration RM	No. of new Shares issued	No. of Shares held after novation
	No. of shares	%			
Ng Chay Chin	175,000	35.00	11,070,745.00	44,282,980	⁽ⁱ⁾ 1,137,937
Chong Ewe Hean	87,500	17.50	5,535,372.50	22,141,490	⁽ⁱ⁾ 964,418
Ng Meng Hang	87,500	17.50	5,535,372.50	22,141,490	⁽ⁱ⁾ 4,857,464
Yin Thien Hee	100,000	20.00	6,326,140.00	25,304,560	⁽ⁱ⁾ 12,580,000
Ng Chai Hee	50,000	10.00	3,163,070.00	12,652,280	⁽ⁱ⁾ 2,185,216
Mountain Range	-	-	-	-	⁽ⁱ⁾ 104,797,765
Total	500,000	100.00	31,630,700	126,522,800	126,522,800

Note:

- (i) The following vendors novated a total of 104,797,765 new Shares, issued to them pursuant to the Acquisition of NE Components, to Mountain Range as follows:

	No. of new Shares novated to Mountain Range
Ng Chay Chin	43,145,043
Chong Ewe Hean	21,177,072
Ng Meng Hang	17,284,026
Yin Thien Hee	12,724,560
Ng Chai Hee	10,467,064
Total	104,797,765

5. INFORMATION ON OUR GROUP (CONT'D)

The purchase consideration of NE Components of RM31,630,700 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of NE Components as at 30 September 2023 of RM31,630,734. The Acquisition of NE Components was completed on 5 January 2024 and thereafter, NE Components has become a wholly-owned subsidiary of Northeast.

(ii) Acquisition of NE Integrated

On 5 January 2024, our Company acquired the entire issued share capital in NE Integrated comprising 1,000,000 ordinary shares from the vendors for a purchase consideration of RM19,602,900. The purchase consideration was wholly satisfied via the issuance of 78,411,600 new Shares at an issue price of RM0.25 per Share to the following vendors (several of whom then novated a portion of their Shares to a holding company, Mountain Range):

	Shareholding in NE Integrated		Purchase Consideration RM	No. of new Shares issued	No. of Shares held after novation
	No. of shares	%			
Ng Chay Chin	720,000	72.00	14,114,088	56,456,352	⁽ⁱ⁾ 2,525,048
Chong Ewe Hean	120,000	12.00	2,352,348	9,409,392	⁽ⁱ⁾ 1,997,417
Ng Chai Hee	40,000	4.00	784,116	3,136,464	3,136,464
Huang HongHui	120,000	12.00	2,352,348	9,409,392	9,409,392
Mountain Range	-	-	-	-	⁽ⁱ⁾ 61,343,279
Total	1,000,000	100.00	19,602,900	78,411,600	78,411,600

Note:

- (i) The following vendors novated a total of 61,343,279 new Shares, issued to them pursuant to the Acquisition of NE Integrated, to Mountain Range as follows:

	No. of new Shares novated to Mountain Range
Ng Chay Chin	53,931,304
Chong Ewe Hean	7,411,975
Total	61,343,279

The purchase consideration of NE Integrated of RM19,602,900 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of NE Integrated as at 30 September 2023 of RM19,602,985. The Acquisition of NE Integrated was completed on 5 January 2024 and thereafter, NE Integrated has become a wholly-owned subsidiary of Northeast.

5. INFORMATION ON OUR GROUP (CONT'D)

(iii) Acquisition of NE Solutions

On 5 January 2024, our Company acquired the entire issued share capital in NE Solutions comprising 50,000 ordinary shares from the vendors for a purchase consideration of RM2,468,100. The purchase consideration was wholly satisfied via the issuance of 9,872,400 new Shares at an issue price of RM0.25 per Share to the following vendors:

	Shareholding in NE Solutions		Purchase Consideration RM	No. of new Shares issued
	No. of shares	%		
Ng Chay Chin	25,000	50.00	1,234,050	4,936,200
Chong Ewe Hean	25,000	50.00	1,234,050	4,936,200
Total	50,000	100.00	2,468,100	9,872,400

The purchase consideration of NE Solutions of RM2,468,100 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of NE Solutions as at 30 September 2023 of RM2,468,194. The Acquisition of NE Solutions was completed on 5 January 2024 and thereafter, NE Solutions has become a wholly-owned subsidiary of Northeast.

(iv) Acquisition of NE Technologies

On 5 January 2024, our Company acquired the entire issued share capital in NE Technologies comprising 150,000 ordinary shares from the vendors for a purchase consideration of RM15,121,500. The purchase consideration was wholly satisfied via the issuance of 60,486,000 new Shares at an issue price of RM0.25 per Share to the following vendors (one of whom then novated a portion of his Shares to a holding company, Mountain Range):

	Shareholding in NE Technologies		Purchase Consideration RM	No. of new Shares issued	No. of Shares held after novation
	No. of shares	%			
Ng Chay Chin	55,500	37.00	5,594,955	22,379,820	22,379,820
Chong Ewe Hean	25,500	17.00	2,570,655	10,282,620	10,282,620
Ng Meng Hang	25,500	17.00	2,570,655	10,282,620	⁽ⁱ⁾ 593,661
Tang Ah Lek	25,500	17.00	2,570,655	10,282,620	10,282,620
Ng Chai Hee	18,000	12.00	1,814,580	7,258,320	7,258,320
Mountain Range	-	-	-	-	⁽ⁱ⁾ 9,688,959
Total	150,000	100.00	15,121,500	60,486,000	60,486,000

Note:

- (i) The following vendor novated a total of 9,688,959 new Shares, issued to him pursuant to the Acquisition of NE Technologies, to Mountain Range as follows:

	No. of new Shares novated to Mountain Range
Ng Meng Hang	9,688,959

5. INFORMATION ON OUR GROUP (CONT'D)

The purchase consideration of NE Technologies of RM15,121,500 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of NE Technologies as at 30 September 2023 of RM15,121,544. The Acquisition of NE Technologies was completed on 5 January 2024 and thereafter, NE Technologies has become a wholly-owned subsidiary of Northeast.

(v) Acquisition of Northeast Precision

On 5 January 2024, our Company acquired the entire issued share capital in Northeast Precision comprising 1,500,000 ordinary shares from the vendors for a purchase consideration of RM73,929,300. The purchase consideration was wholly satisfied via the issuance of 295,717,200 new Shares at an issue price of RM0.25 per Share to the following vendors (who then novated a portion of their Shares to a holding company, Mountain Range):

	Shareholding in Northeast Precision		Purchase Consideration RM	No. of new Shares issued	No. of Shares held after novation
	No. of shares	%			
Ng Chay Chin	450,000	30.00	22,178,790	88,715,160	⁽ⁱ⁾ 6,020,495
Chong Ewe Hean	450,000	30.00	22,178,790	88,715,160	⁽ⁱ⁾ 11,418,845
Ng Meng Hang	300,000	20.00	14,785,860	59,143,440	⁽ⁱ⁾ 32,288,875
Tang Ah Lek	300,000	20.00	14,785,860	59,143,440	⁽ⁱ⁾ 24,497,380
Mountain Range	-	-	-	-	⁽ⁱ⁾ 221,491,605
Total	1,500,000	100.00	73,929,300	295,717,200	295,717,200

Note:

- (i) The following vendors novated a total of 221,491,605 new Shares, issued to them pursuant to the Acquisition of Northeast Precision, to Mountain Range as follows:

	No. of new Shares novated to Mountain Range
Ng Chay Chin	82,694,665
Chong Ewe Hean	77,296,315
Ng Meng Hang	26,854,565
Tang Ah Lek	34,646,060
Total	221,491,605

The purchase consideration of Northeast Precision of RM73,929,300 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of Northeast Precision as at 30 September 2023 of RM73,929,367. The Acquisition of Northeast Precision was completed on 5 January 2024 and thereafter, Northeast Precision has become a wholly-owned subsidiary of Northeast.

5. INFORMATION ON OUR GROUP (CONT'D)

5.1.2 Share capital

As at the LPD, our issued share capital is RM142,753,500 comprising 571,011,000 Shares.

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

Date of allotment	No. of Shares allotted	Consideration	Cumulative issued share capital RM
18 July 2022	2	Cash	2.00
27 December 2023	998	Cash	1,000.00
5 January 2024	571,010,000	Other than cash pursuant to the Acquisitions	142,753,500

None of our Shares were issued at a discount, on special terms or based on instalment payment terms.

Upon completion of our IPO, our enlarged share capital will increase to RM225,161,874 comprising 740,000,000 Shares.

As at the LPD, we do not have any outstanding warrants, options, convertible securities or uncalled capital in respect of our Shares.

5.2 OUR SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANY

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

Name and registration no.	Date and place of incorporation	Our effective equity interest %	Issued share capital RM	Principal activities
NE Components (200901020646 (863743-W))	9 July 2009 / Malaysia	100.00	500,000	Precision engineering works
NE Integrated (201201003919 (977444-P))	9 February 2012 / Malaysia	100.00	1,000,000	Precision engineering works
NE Solutions (201501018590 (1143922-K))	11 May 2015 / Malaysia	100.00	50,000	Precision engineering works
NE Technologies (200601024605 (744359-T))	15 August 2006 / Malaysia	100.00	150,000	Precision engineering works
Northeast Precision (200401019379 (657883-H))	30 June 2004 / Malaysia	100.00	1,500,000	Precision engineering works

As at the LPD, we do not have any joint venture or associate companies.

5. INFORMATION ON OUR GROUP (CONT'D)

5.2.1 NE Components

(i) History and business

NE Components was incorporated in Malaysia under the Companies Act 1965 (and deemed registered under the Act) on 9 July 2009 as a private company limited by shares under the name of NE Components Sdn Bhd.

The principal place of business of NE Components is at 868, Plot 41, Jalan Perindustrian Bukit Minyak, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang. It is currently principally involved in precision engineering works.

(ii) Share capital

As at the LPD, the issued share capital of NE Components is RM500,000 comprising 500,000 ordinary shares.

There is no change in the issued share capital of NE Components for the Financial Years Under Review and up to the LPD.

None of the ordinary shares of NE Components were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, NE Components does not have any outstanding warrants, options, convertible securities or uncalled capital in respect of its shares.

(iii) Shareholder

NE Components is a wholly-owned subsidiary of our Company.

(iv) Subsidiary, joint venture and associate company

As at the LPD, NE Components does not have any subsidiary, joint venture or associate companies.

5.2.2 NE Integrated

(i) History and business

NE Integrated was incorporated in Malaysia under the Companies Act 1965 (and deemed registered under the Act) on 9 February 2012 as a private company limited by shares under the name of Sage Millimeter Sdn Bhd. On 24 December 2013, the company changed its name to NE Integrated Sdn Bhd.

The principal place of business of NE Integrated is at 1946, Lorong IKS Bukit Minyak 1, Taman IKS Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang. It is currently principally involved in precision engineering works.

(ii) Share capital

As at the LPD, the issued share capital of NE Integrated is RM1,000,000 comprising 1,000,000 ordinary shares.

5. INFORMATION ON OUR GROUP (CONT'D)

The changes in the issued share capital of NE Integrated for the Financial Years Under Review and up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued share capital	
			No. of shares	RM
15 October 2020	600,000	Cash	1,000,000	1,000,000

None of the ordinary shares of NE Integrated were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, NE Integrated does not have any outstanding warrants, options, convertible securities or uncalled capital in respect of its shares.

(iii) Shareholder

NE Integrated is a wholly-owned subsidiary of our Company.

(iv) Subsidiary, joint venture and associate company

As at the LPD, NE Integrated does not have any subsidiary, joint venture or associate companies.

5.2.3 NE Solutions

(i) History and business

NE Solutions was incorporated in Malaysia under the Companies Act 1965 (and deemed registered under the Act) on 11 May 2015 as a private company limited by shares under the name of NE Solutions Sdn Bhd.

The principal place of business of NE Solutions is at 1946, Lorong IKS Bukit Minyak 1, Taman IKS Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang. It is currently principally involved in precision engineering works.

(ii) Share capital

As at the LPD, the issued share capital of NE Solutions is RM50,000 comprising 50,000 ordinary shares.

There is no change in the issued share capital of NE Solutions for the Financial Years Under Review and up to the LPD.

None of the ordinary shares of NE Solutions were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, NE Solutions does not have any outstanding warrants, options, convertible securities or uncalled capital in respect of its shares.

(iii) Shareholder

NE Solutions is a wholly-owned subsidiary of our Company.

5. INFORMATION ON OUR GROUP (CONT'D)

(iv) Subsidiary, joint venture and associate company

As at the LPD, NE Solutions does not have any subsidiary, joint venture or associate companies.

5.2.4 NE Technologies**(i) History and business**

NE Technologies was incorporated in Malaysia under the Companies Act 1965 (and deemed registered under the Act) on 15 August 2006 as a private company limited by shares under the name of NE Technologies Sdn Bhd.

The principal place of business of NE Technologies is at 1088, Jalan Juru, Kawasan Perindustrian Juru, 14100 Simpang Ampat, Pulau Pinang. It is currently principally involved in precision engineering works.

(ii) Share capital

As at the LPD, the issued share capital of NE Technologies is RM150,000 comprising 150,000 ordinary shares.

There is no change in the issued share capital of NE Technologies for the Financial Years Under Review and up to the LPD.

None of the ordinary shares of NE Technologies were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, NE Technologies does not have any outstanding warrants, options, convertible securities or uncalled capital in respect of its shares.

(iii) Shareholder

NE Technologies is a wholly-owned subsidiary of our Company.

(iv) Subsidiary, joint venture and associate company

As at the LPD, NE Technologies does not have any subsidiary, joint venture or associate companies.

5.2.5 Northeast Precision**(i) History and business**

Northeast Precision was incorporated in Malaysia under the Companies Act 1965 (and deemed registered under the Act) on 30 June 2004 as a private company limited by shares under the name of Northeast Precision Sdn Bhd.

The principal place of business of Northeast Precision is at 868, Plot 41, Jalan Perindustrian Bukit Minyak, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang. It is currently principally involved in precision engineering works.

(ii) Share capital

As at the LPD, the issued share capital of Northeast Precision is RM1,500,000 comprising 1,500,000 ordinary shares.

5. INFORMATION ON OUR GROUP (CONT'D)

The changes in the issued share capital of Northeast Precision for the Financial Years Under Review and up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued share capital	
			No. of shares	RM
29 September 2022	300,000	Cash	1,500,000	1,500,000

None of the ordinary shares of Northeast Precision were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, Northeast Precision does not have any outstanding warrants, options, convertible securities or uncalled capital in respect of its shares.

(iii) Shareholder

Northeast Precision is a wholly-owned subsidiary of our Company.

(iv) Subsidiary, joint venture and associate company

As at the LPD, Northeast Precision does not have any subsidiary, joint venture or associate companies.

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6. BUSINESS OVERVIEW

6.1 OUR HISTORY

Our Company was incorporated in Malaysia under the Act on 18 July 2022 as a private company limited by shares under the name Northeast Group Sdn Bhd. On 10 January 2024, we converted to a public limited company for the purpose of the Listing and assumed our current name.

We are an investment holding company. Through our subsidiaries, we are principally involved in the manufacturing of precision engineering components used in the photonics, E&E, semiconductor, telecommunication and optoelectronics industries. The history of our Group can be traced back to 2004 with the incorporation of Northeast Precision.

The table below sets out the history and key business milestones of our business since our inception in 2004:

Year	Key events and milestones
2004	<ul style="list-style-type: none"> Northeast Precision was incorporated on 30 June 2004 by our Executive Director, Chong Ewe Hean, along with another shareholder, Ng Meng Hang. We commenced our business operations at a shoplot in Bukit Tengah, Pulau Pinang, in the manufacturing of precision engineering components. We started manufacturing and supplying precision engineering components for the telecommunication industry by securing sales from TEMEX Microwave, a customer in the Philippines, which is involved in the manufacturing of radio frequency related components.
2005	<ul style="list-style-type: none"> We grew our customer base in the telecommunication industry and expanded our export market to the UK and USA by securing sales from Filtronic Broadband Ltd (a manufacturer of electronic components that transmit, receive and condition radio waves) and M2 Global Technology Ltd (a supplier of microwave products and precision manufactured products and services), respectively.
2006	<ul style="list-style-type: none"> NE Technologies was incorporated on 15 August 2006 by our Managing Director, Ng Chay Chin, our Executive Director, Chong Ewe Hean along with another shareholder, Ng Meng Hang. As our service offerings improved, we expanded our customer industry portfolio to include the photonics industry when we secured sales from Customer A group of companies, a group of companies which are mainly involved in the development, manufacturing and sale of photonics components such as fibre lasers, fibre amplifiers and diode lasers. Customer A group of companies remain as our top major customer in the Financial Years Under Review and FPE 2024. We further widened our global reach by securing orders from our first customer in Thailand, namely Aerotek Co., Ltd, a manufacturer of telecommunication components.
2007	<ul style="list-style-type: none"> We expanded our manufacturing capabilities to include surface finishing by providing plating services to complement the manufacturing of precision engineering components.

6. BUSINESS OVERVIEW (CONT'D)

Year	Key events and milestones
2008	<ul style="list-style-type: none"> • We acquired a piece of land measuring approximately 58,329.63 sq ft in Kawasan Perindustrian Juru, Pulau Pinang, with the intention of constructing Factory 1 to expand our operations. • With our experience in the manufacturing of precision engineering components for the telecommunication and photonics industries, we began serving the semiconductor industry by securing orders from Incavo Pte Ltd, a company based in Singapore which is involved in the manufacturing of semiconductor test components and systems. This also marked the expansion of our export market to Singapore. • NE Technologies commenced business operations at another rented shoplot in Bukit Tengah, Pulau Pinang, in the manufacturing of precision engineering components.
2009	<ul style="list-style-type: none"> • NE Components was incorporated on 9 July 2009 by our Managing Director, Ng Chay Chin, our Senior Operations Director, Ng Chai Hee, and our Senior Business & Sales Director, Yin Thien Hee. • NE Components commenced business operations at another rented shoplot in Bukit Tengah, Pulau Pinang, in the manufacturing of precision engineering components. • Our customer industry portfolio continued to expand when we secured sales from an optoelectronics industry player based in the USA, which is involved in the manufacturing of glass-to-metal seals for connectors, terminals and headers.
2011	<ul style="list-style-type: none"> • We leveraged on our industry experience gained along the years and further broadened our customer industry portfolio when we secured sales from an E&E industry player, namely Customer D, a company based in Thailand which is involved in the provision of precision optical, electro-mechanical and electronics manufacturing services, original equipment manufacturers of optical communication components, modules and subsystems, industrial lasers and sensors. • The construction of Factory 1 with a total built-up area of approximately 21,603.17 sq ft was completed.
2012	<ul style="list-style-type: none"> • NE Integrated was incorporated on 9 February 2012 by our Managing Director, Ng Chay Chin, and our Executive Director, Chong Ewe Hean. • In early 2012, we moved our entire operations from the shoplots in Bukit Tengah, Pulau Pinang to Factory 1.
2014	<ul style="list-style-type: none"> • We acquired a single storey semi-detached factory with 2 storey office with a total built-up area of approximately 6,555 sq ft, bearing the assessment address of No. 117 Lorong IKS Juru 5, Taman Industri Ringan Juru, 14100 Simpang Ampat, Pulau Pinang ("Lot 117") to expand our production floor space as our business continued to grow. • NE Integrated commenced business operations at Lot 117 in the manufacturing of precision engineering components. • We also acquired Lot 20449 with a total built-up area of approximately 5,627 sq ft to expand our production floor space.

6. BUSINESS OVERVIEW (CONT'D)

Year	Key events and milestones
2015	<ul style="list-style-type: none"> • We acquired a single storey semi-detached factory with 2 storey office with a total built-up area of approximately 6,555 sq ft, bearing the assessment address of No. 119, Lorong IKS Juru 5, Taman Industri Ringan Juru, 14100 Simpang Ampat, Pulau Pinang (“Lot 119”) to expand our production floor space as our business continued to grow. • NE Solutions was incorporated on 11 May 2015 by our Managing Director, Ng Chay Chin and our Executive Director, Chong Ewe Hean, along with another shareholder, Ng Meng Hang. • NE Solutions commenced business operations at Lot 119 in the manufacturing of precision engineering components. • We expanded our manufacturing capabilities to include another value-added service, namely sheet metal fabrication, where fabricated sheet metal are used as enclosures for our precision engineering components. • We received our first ISO 9001:2008 Quality Management System certification, which was awarded to NE Integrated, for the scope of manufacturing of mechanical components for telecommunication, electronics, aerospace and automotive industries.
2016	<ul style="list-style-type: none"> • We received ISO 9001:2008 Quality Management System certification awarded to Northeast Precision, NE Components and NE Technologies for the scope of manufacturing and assembly of mechanical components for telecommunication, electronics, aerospace and automotive industries.
2017	<ul style="list-style-type: none"> • We acquired a piece of land together with a double-storey factory with a total built-up area of approximately 42,584.18 sq ft in Taman Perindustrian Bukit Minyak, Pulau Pinang to set up Factory 2 as our business continued to grow.
2018	<ul style="list-style-type: none"> • We acquired a piece of land together with a single-storey detached warehouse annexed with a single-storey open-sided detached factory, single-storey lab, single-storey office block and other ancillary buildings with a total built-up area of approximately 94,235.13 sq ft in Taman IKS Bukit Minyak, Pulau Pinang, to set up Factory 3 as our business grew further.
2021	<ul style="list-style-type: none"> • The renovation of Factory 2 with a total built-up area of approximately 74,788.19 sq ft was completed.
2022	<ul style="list-style-type: none"> • The renovation of Factory 3 with a total built-up area of approximately 89,646.00 sq ft was completed. • We completed the disposals of Lot 117 and Lot 119. Following which, the production activities and machinery in Lot 117 and Lot 119 were relocated to Factory 3, whereas the sheet metal fabrication operations in Lot 119 were relocated to Lot 20449 temporarily. • We had 266 units of CNC machines that were used for our manufacturing activities as at 30 September 2022. • In December 2022, we ceased our operations in Lot 20449 and our sheet metal fabrication operations in Lot 20449 were subsequently relocated to Factory 3.
2023	<ul style="list-style-type: none"> • As part of our expansion plans, we acquired Lot 1143 with the intention to construct the New Factory. Please refer to Section 6.5.1 of this Prospectus for further details on these expansion plans.

6. BUSINESS OVERVIEW (CONT'D)

6.2 OUR PRINCIPAL ACTIVITIES

6.2.1 Principal activities and business model

We are principally involved in the manufacturing of precision engineering components used in the photonics, E&E, semiconductor, telecommunication and optoelectronics industries. Precision engineering components are parts that are precisely machined in exact and accurate dimensions (i.e. tolerances for variation of up to a single-digit micron range) to be further processed and/or assembled to form end-products by our customers.

We are engaged by our customers to manufacture customised precision engineering components according to their requirements. We leverage on our engineering and machining capabilities to manufacture precision engineering components according to our customers' requirements and precise specifications, with details as follows:

- **Process engineering** – we carry out process engineering to design manufacturing processes for the precision engineering components that we manufacture, which includes designing 2-dimensional (“2D”) and 3-dimensional (“3D”) drawings with detailed dimensions and specifications, outlining manufacturing process details (e.g. tools required, precise dimensions of excessive parts to be removed and processing sequence), generating programmed commands for CNC machines to carry out precision machining, preparing and calibrating the cutting, turning and milling tools required in CNC machines, as well as performing simulations on the entire process to ensure our manufacturing processes meet our customers' requirements.
- **Precision machining** – we produce precision engineering components from raw materials (e.g. copper, aluminium, stainless steel and carbon steel) through a technical and detail-oriented process called precision machining. Precision machining involves the usage of a series of CNC machines to perform various functions such as cutting, turning and milling on raw materials to achieve a precise cut, shapes and sizes according to the detailed specifications of our customers.

In addition to manufacturing customised precision engineering components, we also provide value-added services comprising surface finishing, sheet metal fabrication and mechanical sub-assembly upon request by customers to complement our offerings, with details as follows:

- **Surface finishing** – we offer surface finishing services such as: (i) sandblasting process where abrasive particles (e.g. graphite) are sprayed onto the precision engineering components to create smoother surfaces; (ii) plating process where a coating of metal (e.g. gold, silver over nickel, electroless nickel, or chromate) is applied over the precision engineering components to achieve various desirable properties such as to protect against corrosion, improve solderability, increase strength, reduce friction and alter conductivity, amongst others; and (iii) anodising process where the metal surface of the precision engineering components are converted into an anodic oxide finish that is durable, decorative, and corrosion-resistant through an electrolytic process.
- **Sheet metal fabrication** – we carry out sheet metal fabrication to support our precision machining operations, where metal sheets are processed through different manufacturing methods such as cutting, bending and welding to form the desired shapes, which are then used as enclosures for our precision engineering components.

6. BUSINESS OVERVIEW (CONT'D)

- **Mechanical sub-assembly** – we offer assembly services where multiple precision engineering components are combined to form sub-assembly products according to our customers' requirements that are then delivered to our customers to undergo subsequent processing or assembly into their end-products.

Please refer to Section 6.7 of this Prospectus for further information on our Group's business and operational process.

Our Group is involved in the entire process of the manufacturing of precision engineering components through our in-house expertise from process engineering to mechanical sub-assembly, except for pre-machining and surface finishing for certain plating materials which we outsource to subcontractors, when required.

Pre-machining is a manufacturing process undertaken before precision machining, where parts of our raw material are removed through milling, cutting or turning, into a form closer to the desired shapes and dimensions for precision machining. We outsource the pre-machining of certain types of raw materials, including hardened steel and large-sized metal materials. Pre-machining is outsourced to subcontractors to speed up our production lead time and to allow us to focus our resources on process engineering and precision machining which require higher expertise.

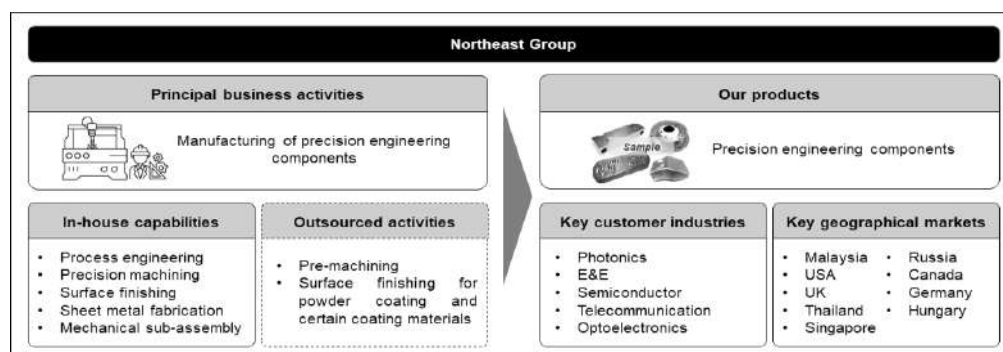
Our Group also outsources certain surface finishing services, including powder coating and finishing that uses certain plating materials such as nickel sulfamate, rhodium and certain types of gold. These surface finishing processes are generally not commonly requested by our customers and thus, we did not invest in in-house capabilities to provide these finishing services.

In the event of resource constraints due to spikes in sales orders, we may outsource certain limited precision machining works to our subcontractors in order to ensure timely delivery to our customers. Our Group focuses on HMLV manufacturing, which is the process of producing a high variety of products in small quantities. HMLV manufacturing is commonly used to manufacture unique and complex components with specific quality requirements, and/or to cater for customers who prefer to maintain a low inventory of components. HMLV manufacturing generally requires higher and more advanced engineering skills, as it requires manufacturers to be flexible and adaptable to customers' changing requirements and technical specifications on precision engineering components. Our ability in offering HMLV manufacturing is attributed to our team of engineering managers who are equipped with process engineering knowledge and industry know-how, which enable us to adapt to changing requirements quickly by developing or adjusting manufacturing processes accordingly. Please refer to Section 6.4.2 of this Prospectus for further details on our engineering and machining capabilities as well as industry know-how.

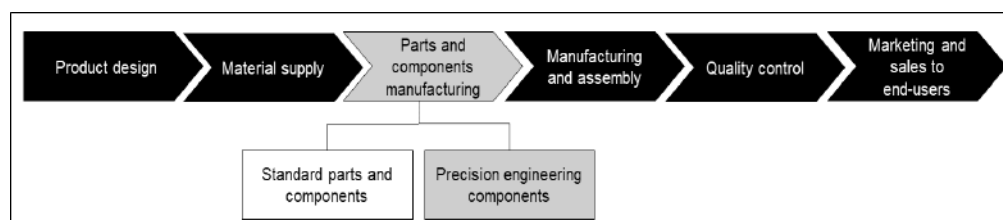
Our business operations are based in Pulau Pinang, and we serve local customers and overseas customers from, amongst others, USA, UK, Thailand, Singapore, Russia, Canada, Germany and Hungary.

6. BUSINESS OVERVIEW (CONT'D)

Our Group's business model and activities are summarised as follows:



Our Group plays a pivotal role in the manufacturing industry value chain as precision engineering components manufactured by us are further processed and/or used for assembly for our customers' end-products, as shown below:






Source: SMITH ZANDER

Please refer to the IMR Report in Section 7 of this Prospectus for further details on the role of precision engineering components manufacturing in the manufacturing industry value chain.


Our products

Our products are precision engineering components that are customised and manufactured according to our customers' requirements and specifications. These products have highly precise specifications which will be further processed and/or used for assembly for our customers' end-products.

Precision engineering components that we manufacture are used in the photonics, E&E, semiconductor, telecommunication and optoelectronics industries, with examples illustrated in the table below:

Application	Examples of precision engineering components	Examples of customers' end products
Photonics	 	

6. BUSINESS OVERVIEW (CONT'D)

Application	Examples of precision engineering components		Examples of customers' end products
E&E	 E&E casing	 E&E casing	 E&E housing
Semiconductor	 Ultrasonic cleaning machine components	 Surface-mount technology pallets	 Semiconductor automation machines
Telecommunication	 Microwave antenna and heat sink	 Radiofrequency microwave filters	 Antenna
Optoelectronics	 Photodiodes	 Optoelectronics housing	 Industrial optical cameras

6.2.2 Locations

Our business operations are based in Malaysia at the following locations:

Facilities	Location	Existing use
Factory 1	1088 Jalan Juru, Kawasan Perindustrian Juru, 14100 Simpang Ampat, Pulau Pinang	Manufacturing plant and office
Factory 2	868, Plot 41, Jalan Perindustrian Bukit Minyak, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang	Manufacturing plant, office, warehouse and accommodation for workers
Factory 3	1946, Lorong IKS Bukit Minyak 1, Taman IKS Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang	Manufacturing plant, office and warehouse

Please refer to Section A.1 of Annexure A of this Prospectus for further details on the above properties.

6. BUSINESS OVERVIEW (CONT'D)

6.2.3 Warranty

Our Group does not provide any warranties to our customers for precision engineering components manufactured. However, in cases where our customers notify us about any defects such as scratches or discrepancies in dimensions, we will rework the defective products, if possible, or replace the defective products at our own cost.

In the Financial Years Under Review and FPE 2024, our Group had recorded product return rates of approximately 0.61%, 0.60%, 1.03% and 0.32% respectively, in which the defective products were reworked or replaced by our Group. Our Group had not received any claims for monetary refunds in the Financial Years Under Review and FPE 2024 and this, in turn, shows our customers' confidence towards our Group's product quality.

6.3 OUR REVENUE SEGMENTATION BY CUSTOMER INDUSTRIES AND GEOGRAPHICAL MARKETS

Our Group is principally involved in the manufacturing of precision engineering components used in the photonics, E&E, semiconductor, telecommunication and optoelectronics industries. In the Financial Years Under Review and FPE 2024, our customers from the photonics industry were the largest contributors to our Group's total revenue, at approximately 59.00%, 55.86%, 45.65% and 40.51% respectively.

The table below sets out our revenue by customer industries for the Financial Years Under Review and Financial Periods Under Review:

Customer industries	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Photonics	66,799	59.00	80,724	55.86	42,611	45.65	29,437	44.77	25,205	40.51
E&E	18,892	16.69	21,600	14.95	17,440	18.69	11,293	17.18	12,528	20.14
Semiconductor	13,139	11.61	21,039	14.56	14,724	15.78	11,799	17.95	11,127	17.89
Telecommunication	9,179	8.11	12,634	8.74	13,492	14.45	8,747	13.30	8,919	14.34
Optoelectronics	5,198	4.59	8,518	5.89	5,068	5.43	4,469	6.80	4,433	7.12
Total	113,207	100.00	144,515	100.00	93,335	100.00	65,745	100.00	62,212	100.00

Our revenue was mainly contributed by sales to overseas customers, which accounted for approximately 78.32%, 77.15%, 73.90% and 71.47% of our Group's total revenue for the Financial Years Under Review and FPE 2024 respectively. Our Group's remaining revenue was contributed by sales to local customers, representing approximately 21.68%, 22.85%, 26.10% and 28.53% of our Group's total revenue for the Financial Years Under Review and FPE 2024 respectively. As for revenue from overseas customers, USA was the largest contributor at approximately 48.34%, 39.84%, 32.78% and 26.98% to our Group's total revenue in the Financial Years Under Review and FPE 2024 respectively.

6. BUSINESS OVERVIEW (CONT'D)

The table below sets out our Group's revenue by geographical markets for the Financial Years Under Review and Financial Periods Under Review:

Geographical markets	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local⁽ⁱ⁾	24,548	21.68	33,026	22.85	24,362	26.10	17,342	26.38	17,752	28.53
Overseas										
USA	54,723	48.34	57,576	39.84	30,592	32.78	20,531	31.23	16,782	26.98
UK	10,751	9.50	16,106	11.14	13,515	14.48	8,702	13.24	13,201	21.22
Thailand	5,645	4.99	6,961	4.82	6,485	6.95	4,626	7.04	4,034	6.48
Singapore	5,958	5.26	8,079	5.59	4,719	5.06	4,289	6.52	3,843	6.18
Canada	1,333	1.18	1,572	1.09	3,033	3.25	1,687	2.57	2,399	3.86
Germany	771	0.68	1,622	1.12	2,612	2.80	2,412	3.67	1,322	2.12
Hungary	1,437	1.27	1,804	1.25	1,564	1.68	1,116	1.70	593	0.95
Russia	5,517	4.87	14,340	9.92	3,779	4.05	3,493	5.31	576	0.93
Others ⁽ⁱⁱ⁾	2,524	2.23	3,429	2.38	2,674	2.85	1,547	2.35	1,710	2.75
	88,659	78.32	111,489	77.15	68,973	73.90	48,403	73.62	44,460	71.47
Total	113,207	100.00	144,515	100.00	93,335	100.00	65,745	100.00	62,212	100.00

Notes:

- (i) Local revenue was mainly generated from subsidiaries/ related companies of multinational corporations.
- (ii) Others comprise, amongst others, China, India, Japan, Pakistan, Poland and Switzerland.

Please refer to Section 11.3.3(i) of this Prospectus for further information on the discussion of our revenue.

6. BUSINESS OVERVIEW (CONT'D)

6.4 OUR COMPETITIVE STRENGTHS

6.4.1 We have an established history in the manufacturing of precision engineering components

We have an established history of approximately 20 years since we commenced our business in 2004 in the manufacturing of precision engineering components. Our industry experience gained throughout the years has led to the expansion of our business, thus allowing us to establish ourselves as a reputable manufacturer of precision engineering components, evidenced by our long-standing relationships with our customers as detailed in Section 6.4.3 of this Prospectus.

The growth of our Group is reflected in our expanded service offerings, from initially offering precision machining services and later offering surface finishing, sheet metal fabrication and mechanical sub-assembly as value-added services to our customers. In addition, the scale of our business operations has also grown throughout the years, leading to the expansion of our manufacturing sites from a shop lot in 2004 to the current 3 factories located in Pulau Pinang with an aggregate built-up area of approximately 208,468.19 sq ft. As at the LPD, we have a total production area of approximately 109,353 sq ft, comprising the production areas in Factory 1, Factory 2 and Factory 3. Furthermore, in the Financial Years Under Review and FPE 2024, we also increased the number of CNC machines used in our manufacturing activities from 242 units (as at 30 September 2021) to 277 units (as at 30 September 2023 and 31 May 2024).

We believe that our established history as a manufacturer of precision engineering components have formed a solid foundation and enhanced our reputation for us to continue securing sales from our existing as well as new customers to further drive the growth of our Group.

6.4.2 Our engineering and machining capabilities as well as industry know-how enable us to consistently meet our customers' requirements and expectations

The growth of our Group is backed by our engineering and machining capabilities. As at the LPD, we have 4 engineering managers (2 each from the engineering and production departments) who are involved in leading the process engineering and continuous improvement of our machining and manufacturing process. Such process is carried out whenever we receive new product requests, with the aim to increase our manufacturing efficiency whilst maintaining the quality of our products. We have 277 units of CNC machines as at 30 September 2023 and 31 May 2024, that are able to perform precision machining on various types of materials, i.e. copper, aluminium, stainless steel and carbon steel.

Further, we actively engage with our customers to keep abreast on industry updates as well as to gain feedback and industry insights, including understanding the application of our precision engineering components in their production/assembly process or end-products. The feedback and insights allow us to continuously enhance our process engineering and precision machining processes to better serve our customers (i.e. meeting their requirements and precise specifications) and to maintain the competitiveness of our products, manufacturing and engineering capabilities. In addition, through customer feedback, we are able to gain insights on their industries such as the increasing trend towards smaller components. This in turn allows us to adapt and improve our expertise and capabilities to meet current market demands. Further, we keep abreast with the latest manufacturing technology and engineering knowledge by referring to publications such as Photonics Spectra. Our engineering and machining capabilities have enabled us to cater to the needs of a broad customer base for precision engineering components used in various industries, namely photonics, E&E, semiconductor, telecommunication and optoelectronics.

6. BUSINESS OVERVIEW (CONT'D)

Our Group believes that with our engineering and machining capabilities as well as our knowledge and industry know-how of the precision engineering industry, we will be able to continue meeting the needs of our customers for precision engineering components by achieving their product requirements and specifications.

6.4.3 We have an export-oriented business and long-standing relationships with our customers

We have an export-oriented business with export sales accounting for approximately 78.32%, 77.15%, 73.90% and 71.47% to our total revenue in the Financial Years Under Review and FPE 2024 respectively. In the Financial Years Under Review and FPE 2024, our products were exported to, amongst others, USA, UK, Thailand, Singapore, Russia, Canada, Germany and Hungary.

Our ability to secure sales from international customers is attributable to the quality of our products which meet their stringent internal QA & QC measures as well as internationally recognised standards. Our subsidiaries have also been awarded with ISO 9001:2015 Quality Management System certifications, further details are set out in Section 6.15 of this Prospectus. This provides confidence to international customers, thus enabling us to successfully secure export sales.

Our ability to deliver products to our customers in a timely manner, as well as provide value-added services upon request, have resulted in repeat orders from our customers. Our long-standing relationship with our customers have also led to referrals of our Group to potential customers by our business associates.

Our Group believes that the abovementioned factors have been pivotal in maintaining our reputation and customers' confidence towards our manufacturing and engineering capabilities, thus allowing our Group to establish long-standing relationships with our customers. In the Financial Years Under Review and FPE 2024, all of our major customers have established at least 8 years of business relationship with our Group and out of which, 5 of them have established at least 10 years of business relationship with us as at the LPD. Please refer to Section 6.16 of this Prospectus for further details on our major customers.

6.4.4 The quality of our products is attested by our adherence to quality control measures and our compliance to internationally recognised standards

Our ability to maintain consistency in the quality of our products is critical in building our customers' confidence towards us. We ensure the quality and consistency of our products by undertaking quality control measures set out by our QA & QC team throughout our manufacturing process. Products that do not meet our internal standards will be rejected during the quality control stage. In the Financial Years Under Review and FPE 2024, our Group had recorded product return rates of approximately 0.61%, 0.60%, 1.03% and 0.32% respectively, in which the defective products were reworked, if possible, or replaced by our Group with new products.

In addition, as mentioned in Section 6.4.3 above, our Group has been awarded with certifications which attest to the standard of quality of our products. Our Group is in compliance with the internationally recognised standard of ISO 9001:2015 Quality Management System in respect of manufacturing and assembly of mechanical components for telecommunication, electronics, aerospace and automotive industries. Please refer to Section 6.15 of this Prospectus for further details on our quality assurance and verification.

6. BUSINESS OVERVIEW (CONT'D)

Further, upon customers' requests, product qualification audits will be performed by our new customers on our Group prior to mass manufacturing to assess our ability to meet their requirements on various aspects such as product quality, manufacturing facilities, manufacturing processes and production capacity. Please refer to Section 6.7 of this Prospectus for further details on product qualification audits conducted by our customers. Prior to the COVID-19 pandemic, some of our existing customers conducted performance audits on an ad-hoc basis to assess our ability to meet their requirements. However, during the outbreak of the COVID-19 pandemic, our customers did not conduct any performance audits on our Group due to travel restrictions. As the COVID-19 pandemic subsided and business activities normalised, our customers have been able to conduct ad-hoc performance audits physically at our factories. Over the years, we continue to pass the performance audits and secure additional sales from our existing customers. In FYE 2023 and FPE 2024, we had 69 and 78 recurring customers out of our total customer base of 79 and 86 customers, accounting for approximately 87.34% and 90.70% of our total customer base respectively.

Our stringent quality control measures and compliance to internationally recognised standards have allowed us to maintain our business reputation in delivering quality products, enabling us to attract new customers as well as to retain existing customers. In addition, given that our products are mainly exported, our Group's ability to meet the qualification criteria of international customers demonstrates our customers' confidence towards the quality of our products.

6.4.5 We have an experienced and hands-on Key Senior Management team

Our Group is led by our Managing Director, Executive Director and Key Senior Management who have accumulated years of experience in their respective fields and they possess the relevant expertise, industry experience and in-depth knowledge of our business operations.

Our Managing Director, Ng Chay Chin and Executive Director, Chong Ewe Hean, have 30 years and 31 years of experience respectively, in the precision engineering components manufacturing industry. Their technical and industry knowledge have been instrumental in leading the overall strategic direction and business development of our Group. Please refer to Section 4.1.2 of this Prospectus for the profiles of our Managing Director and Executive Director.

Our Managing Director and Executive Director are supported by our Key Senior Management team who has in-depth industry knowledge and strong functional expertise with years of experience in their respective fields. We believe our Key Senior Management team and their strong commitment to our Group can underpin our growth in the future as we continue to expand. Please refer to Section 4.5.2 of this Prospectus for the profiles of our Key Senior Management.

6. BUSINESS OVERVIEW (CONT'D)

6.5 OUR FUTURE PLANS AND BUSINESS STRATEGIES

6.5.1 Expand production capacity by constructing the New Factory

As at the LPD, our business activities are carried out at 3 factories located in Juru and Bukit Minyak, Pulau Pinang with a total built-up area of approximately 208,468.19 sq ft. As at the LPD, the production floor space and the utilisation rate of the production floor space of each of our factory are as follows:

Factories	Built-up area	Production floor space available	Production floor space utilised as at the LPD	Utilisation rate of production floor space
	sq ft	sq ft	sq ft	%
Factory 1	44,034.00	28,740.00	28,740.00	100.00
Factory 2	74,788.19	47,090.00	47,090.00	100.00
Factory 3	89,646.00	33,523.00	33,523.00	100.00
Total	208,468.19	109,353.00	109,353.00	

Based on the above, the production floor space in all of our factories are fully utilised. Notwithstanding this, the utilisation rate of our CNC milling, CNC turning and CNC automatic lathe machines were approximately 73.30%, 85.10% and 93.70% respectively for FYE 2023 and 64.80%, 89.84% and 93.76% respectively for FPE 2024. As such, in order to continue expanding our business by securing additional orders and growing our customer base, it is crucial for our Group to expand our production floor space as well as production capacity to cater for our production needs. Hence, our Group intends to construct the New Factory to expand our production floor space and production capacity.

In January 2023, we entered into a sales and purchase agreement to acquire Lot 1143 with the intention to construct the New Factory with an approximate built-up area of 227,687 sq ft on this piece of land. The New Factory is expected to have a total production floor space of approximately 79,020 sq ft, which can accommodate approximately 200 units of CNC machines to support our production activities. The New Factory is also expected to have a QA & QC, an administrative area and a storage/warehouse area of approximately 24,467 sq ft, 20,425 sq ft and 15,240 sq ft, respectively.

The construction of the New Factory is estimated to cost approximately RM50.40 million in total, comprising, amongst others, piling works, main building works, mechanical and electrical works. We intend to use RM40.00 million of the gross proceeds raised from the Public Issue for the construction of the New Factory, with the remaining balance of approximately RM10.40 million to be funded via internally generated funds and/or bank borrowings. We intend to commence the construction of the New Factory in the 4th quarter of 2024, and to commence operations in New Factory in the 1st quarter of 2027. Please refer to Section 3.7.1 of this Prospectus for further details on the breakdown of the construction cost and tentative timeline for the construction of the New Factory.

6. BUSINESS OVERVIEW (CONT'D)

6.5.2 Purchase new CNC machines to support our production capacity expansion

In line with our plan to expand our production capacity by setting up the New Factory, we intend to purchase new CNC machines to support our production needs. The CNC machines which our Group intends to purchase are as follows:

Type of CNC machine	Functions	No. of units
CNC milling	Machine that employs computerised controls and rotating multi-point cutting tools to progressively remove excess material from the workpiece and produce a custom-designed part or component	20
CNC turning	Machine that spins final workpiece or material at high speed with a cutting tool progressively shaves away material to produce a custom-designed part or component	4
CNC turn-mill	Machine that combines both turning and milling process	3
CNC automatic lathe	Machine that is mechanically operated and require little human intervention to cut, sand, drill, deform and turn workpiece. It is also able to perform the turn milling process for smaller precision machine parts and components	3
CNC indexer	Machine that uses indexing to position a workpiece for various applications including machining, positioning and inspection	6
Total		36

The purchase of these new CNC machines is estimated to cost approximately RM12.38 million which will be funded through the gross proceeds raised from the Public Issue. Please refer to Section 3.7.3 of this Prospectus for further breakdown of the cost of these CNC machines.

The CNC machines to be purchased by our Group are expected to increase our estimated annual operating capacity, further details as follows:

Type of machine	No. of units	Estimated annual operating capacity (hours)
CNC milling	20	118,800
CNC turning	4	23,760
CNC turn-mill	3	17,820
CNC automatic lathe	3	17,820
CNC indexer	6	*N/A
Total	36	

Note:

* CNC indexer machines do not have an annual operating capacity as it is used as an attachment to the CNC milling machines to improve the capability of our CNC milling machines by increasing the accuracy of our precision engineering works.

The increase in estimated annual operating capacity will enable us to meet anticipated demand from our customers in terms of order volumes, complexity as well as to shorten delivery lead time. This is also in line with our aim to grow our customer base and serve more local and international customers for our future business growth and expansion.

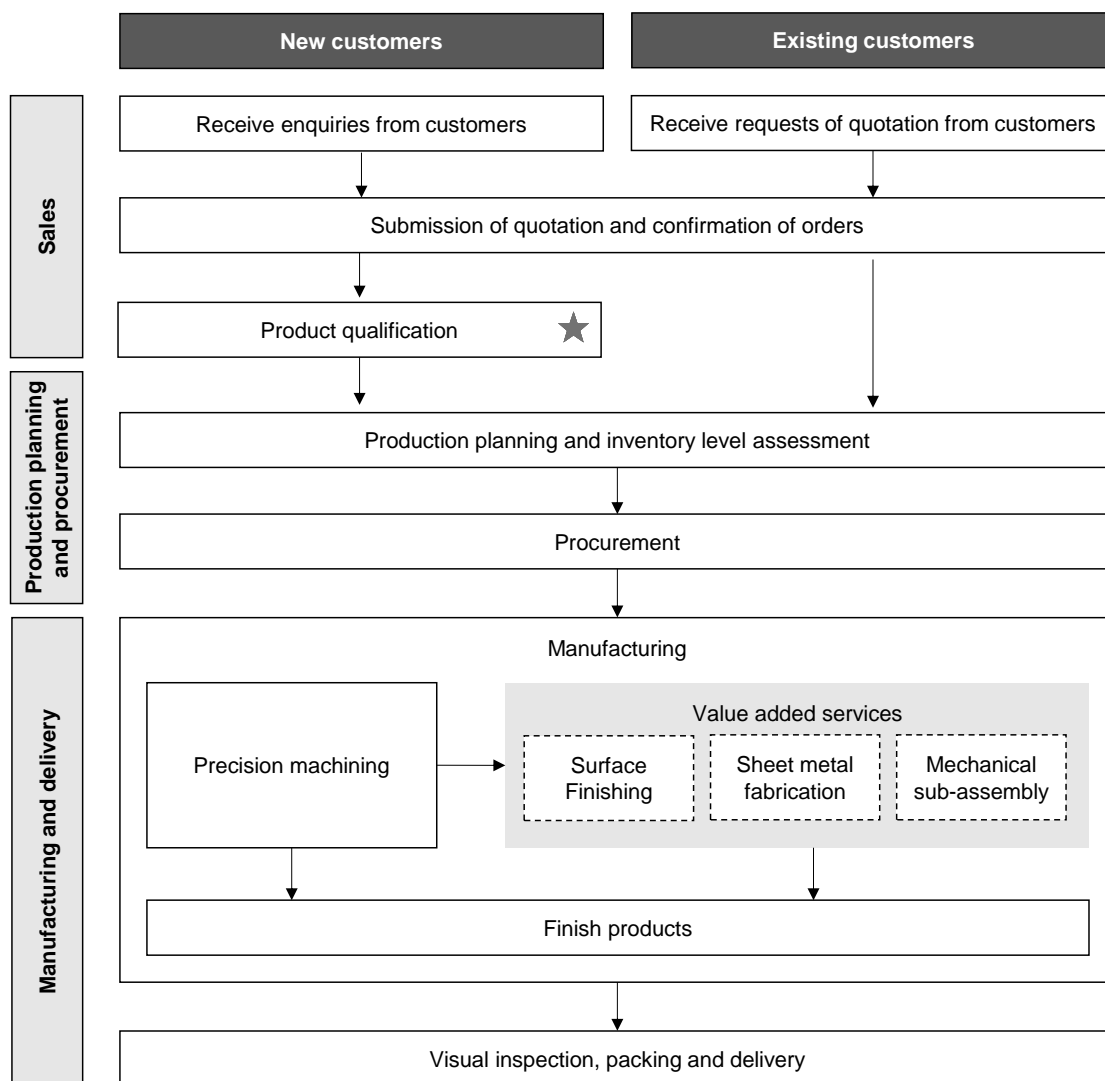
6. BUSINESS OVERVIEW (CONT'D)

6.6 SEASONALITY

During the Financial Years Under Review, FPE 2024 and up to the LPD, we did not experience any material seasonality in our business.

6.7 OUR BUSINESS AND OPERATIONAL PROCESS

The operational processes of our Group involve the following:



Notes:

★ Indicates processes where quality checks are carried out.

⌋⌋ Indicates our value-added services which are provided to customers upon request.

6. BUSINESS OVERVIEW (CONT'D)

Sales

New customers

- (i) Receive enquiries from customers

When we receive enquiries from our customers, we will go through the product request to determine the product feasibility and specification requirements of the product request, to ensure we are able to fulfil the required product specifications.

- (ii) Submission of quotation and confirmation of orders

Thereafter, our customers will request for a quotation, and we will then prepare a quotation based on the complexity of the products to be manufactured, cost of raw materials, delivery timeline and order amount, for submission to our customers. Following which, our customers will issue a purchase order as confirmation of order for mass manufacturing. Upon customers' request, we will then go through a product qualification process with our customers in order to be qualified as their manufacturer to manufacture the required components.

- (iii) Product qualification

During product qualification, we are assessed by our customers in terms of our production capacity, capability and consistency of our product quality. As part of the process, we carry out process engineering where we design our manufacturing processes and techniques used to achieve cost efficiency and consistency in product quality, based on the drawing and requirements received from our customers. We may also work closely with our customer's product engineers to adjust the design or measurements of the components, if necessary, to optimise the overall manufacturing, assembly and quality of their end products.

We use CAD software for 2D and 3D product design, engineering and modelling, which enable us to design the detailed manufacturing process for precision engineering components according to our customers' specifications. We will also determine the tools required to be used in CNC machines for cutting, turning and milling, as well as generate programmed commands using CAM software for CNC machines to carry out precision machining. Please refer to Section 6.2.1 of this Prospectus for details on our process engineering activities and Section 6.12 of this Prospectus for details on the use of software in product qualification stage.

Thereafter, we will manufacture prototypes of components for assessment and testing by our customers to ensure the components meet their exact specifications and requirements. Depending on our customers' request, we may produce multiple batches of prototypes in differing quantities to demonstrate the consistency of our quality and manufacturing capabilities. Prior to delivering prototypes to our customers, we will perform quality checks on prototypes manufactured to ensure that the prototypes meet their requirements.

The product qualification period varies based on the complexity of the components and our customers' timeline. The typical duration to complete a product qualification process is up to 5 months.

Upon completing the product qualification process and receiving approval from our customers on the final product prototype, we will then proceed to production planning and procurement.

6. BUSINESS OVERVIEW (CONT'D)

Existing customers

When we receive requests for quotation from our customers, we will prepare a quotation based on the previous quotation, taking into account the prevailing cost of raw materials, delivery timeline and order amount, for submission to our customers. Thereafter, our customers will issue a purchase order for any new orders as confirmation of order for the mass manufacturing.

Production planning and procurement

(i) Production planning

A production plan is formalised prior to production run, taking into consideration the production capacity for mass manufacturing. We will purchase the raw materials required upon confirmation of orders from our customers. Upon receiving the raw materials required from our suppliers, the raw materials will be sent to the manufacturing line in accordance with the manufacturing schedule.

Prior to mass manufacturing, we will also perform checking and calibration on the tools to be used in CNC machines to ensure that the tools are in good condition to produce precision engineering components in the exact and accurate dimensions as required by our customers.

(ii) Procurement




We will source for the raw materials from our approved suppliers. Upon receipt of the raw materials, we will conduct quality checks to ensure that the raw materials received are in accordance to our specification and quantity, as well as in good condition. Raw materials that have passed our internal quality control checks will be stored in our warehouse.

Further, we may also engage approved subcontractors to carry out pre-machining works for certain types of raw materials including hardened steel and large-sized metal materials, as and when required. Our pre-machining subcontractors are evaluated by our Group based on multiple aspects such as their track record, technical expertise, manufacturing experience and capacity, financial performance as well as market reputation prior to being qualified as our approved subcontractors. For subcontracted pre-machining works, we will oversee the progress to ensure timely completion and that the pre-machined components are in accordance with our requirements. Upon the receipt of pre-machined components from our subcontractors, we will conduct quality checks on the pre-machined components on a sampling basis to ensure these components meet our desired requirements. Should the pre-machined components received from our subcontractors fail to meet our requirements, the components will be returned to our subcontractors for rework or replacement. As at the LPD, we have an approved list of 31 pre-machining subcontractors. As such, we are not reliant on any single subcontractor to carry out pre-machining works for our raw materials.

Manufacturing and delivery

Upon completion of the setup of CNC machines and receipt of raw materials from our suppliers or pre-machined components from subcontractors, we will commence manufacturing of precision engineering components. The manufacturing of precision engineering components involves precision machining, and/or any or all of our value-added services comprising surface finishing, sheet metal fabrication and mechanical sub-assembly, upon requests by our customers.


6. BUSINESS OVERVIEW (CONT'D)

Manufacturing process	Description
Precision machining	<p>Raw materials or pre-machined components will be placed into CNC machines to undergo various machining processes to be shaped into the desired final precise shapes and sizes according to our customers' specifications.</p> <ul style="list-style-type: none"> <li data-bbox="533 488 683 517">• Machining <div style="display: flex; align-items: flex-start; margin-top: 10px;">  <div style="margin-left: 20px;"> <p>Raw materials or pre-machined components will be loaded into various machines to undergo cutting, milling and turning. Samples of the precision engineering components are collected from each manufacturing batch and will be sent for quality check to ensure that precise specifications and dimensions are achieved in accordance with our customers' requirements.</p> </div> </div> <li data-bbox="533 992 695 1021">• Degreasing <div style="display: flex; align-items: flex-start; margin-top: 10px;">  <div style="margin-left: 20px;"> <p>The precision engineering components will be sent to the degreasing line to remove water-based coolant that is present on the components. Water-based coolant is used during machining processes to dissipate heat arising from frictions on specific spots undergoing machining processes to facilitate precision cutting and prevent the cuttings and materials from being deformed. Chips and dust which are accumulated on the surface of the components during machining processes will also be removed using water-based coolants.</p> </div> </div> <li data-bbox="533 1420 679 1449">• Deburring <div style="display: flex; align-items: flex-start; margin-top: 10px;">  <div style="margin-left: 20px;"> <p>The precision engineering components will be deburred manually by our production workers using materials such as sandpaper to remove any excess burr which is the unwanted edges or small pieces of materials that remain attached to the precision engineering components after degreasing process.</p> </div> </div> <p>Completed precision engineering components that are deemed finished products will be packed and delivered to our customers. Upon requests by our customers, completed precision engineering components may undergo value-added process, i.e. surface finishing and/or mechanical sub-assembly before packing and delivery.</p>


6. BUSINESS OVERVIEW (CONT'D)

Manufacturing process	Description
Surface finishing	<p>After the deburring of precision engineering components, we may send the precision engineering components for sandblasting, plating or anodising as part of our surface finishing services upon request by customers.</p> <ul style="list-style-type: none"> <li data-bbox="533 488 711 517">• Sandblasting <div style="display: flex; align-items: flex-start; margin-top: 10px;">  <div style="flex-grow: 1;"> <p>Precision engineering components will be sandblasted to smoothen the surface and remove any surface contaminants. Samples of the precision engineering components will be sent for visual quality checks after sandblasting to ensure all the surfaces of the precision engineering components are evenly smoothened and surface contaminants are thoroughly removed.</p> </div> </div> <li data-bbox="533 920 644 949">• Plating <div style="display: flex; align-items: flex-start; margin-top: 10px;">  <div style="flex-grow: 1;"> <p>Precision engineering components will be dipped into desired metal solution based on customers' specifications, to form a layer of coating on the surface of the components. The precision engineering components will then undergo cleaning process to remove any surface contaminants, before being sent to the oven for drying. Samples of the coated precision engineering components will be sent for visual quality checks to ensure all surfaces of the precision engineering components are evenly coated with the desired coating materials and thickness.</p> </div> </div> <li data-bbox="533 1350 676 1379">• Anodising <div style="display: flex; align-items: flex-start; margin-top: 10px;">  <div style="flex-grow: 1;"> <p>Precision engineering components will be submerged into acid electrolyte solution to form an anodic oxide finish on the surface of the components. The components will then go through secondary processes such as colouring and sealing by immersing the components into colouring and sealing solutions. Thereafter, the precision engineering components will undergo cleaning process to remove any surface contaminants. Following which, the precision engineering components will be sent to the oven for drying.</p> </div> </div>

6. BUSINESS OVERVIEW (CONT'D)

Manufacturing process	Description
	<p>Samples of the anodised precision engineering components will then be sent for visual quality checks after the drying process to ensure the surfaces of these components meet the desired requirements.</p> <p>Precision engineering components that have undergone surface finishing process may be packed or delivered to our customers or may be sent for mechanical sub-assembly process upon requests by customers.</p> <p>We also engage approved subcontractors to carry out certain surface finishing processes, including powder coating and finishing that uses certain plating materials, such as nickel sulfamate, rhodium and certain types of gold, which our Group does not cover. Our surface finishing subcontractors are evaluated by our Group based on multiple aspects such as their track record, technical expertise, experience and capacity, financial performance as well as market reputation prior to being qualified as approved subcontractors. For subcontracted plating works, we will oversee the manufacturing progress to ensure timely completion and that the products meet our customers' requirements. Upon receiving the powder coated or plated precision engineering components from our subcontractors after the surface finishing processes, we will conduct quality checks on the components on a sampling basis to ensure these components meet the desired requirements. Powder coated or plated components that fail to meet the desired requirements will be returned to our subcontractors for rework. For the Financial Years Under Review and FPE 2024, we were not reliant on any single subcontractors as plating service providers are generally available in the market.</p>
Sheet metal fabrication	 <p>Upon customers' request, we may also fabricate sheet metal to support our mechanical sub-assembly operations. Under sheet metal fabrication process, metal sheets will be loaded into various machines to undergo cutting, bending and/or welding to form the desired shapes. Samples of the fabricated sheet metal components will be sent for quality check to ensure the products meet our customers' requirements.</p>

6. BUSINESS OVERVIEW (CONT'D)

Manufacturing process	Description
Mechanical sub-assembly	 <p data-bbox="951 371 1388 533">Upon request by our customers, we may also provide mechanical sub-assembly services where we assemble multiple precision engineering components and fabricated sheet metal components to form a sub-assembly product.</p>

Final visual inspection check is carried out on all precision engineering components before being packed and shipped out in accordance with the shipping schedules.

6.8 SALES AND MARKETING

Our Group’s sales and marketing team, led by Chong Ewe Hean, our Executive Director, as well as Yin Thien Hee, our Senior Business & Sales Director, are responsible for planning and executing sales and marketing activities, attending to enquiries from potential customers, serving existing customers and coordinating product qualification process. Our Group’s sales and marketing activities are as follows:

(i) Direct approach and industry networking

We secure new customers by conducting internet searches on players that operate in the existing industries that we serve, namely photonics, E&E, semiconductor, telecommunication and optoelectronics industries and subsequently directly approaching them. Our sales and marketing team promotes our products and showcases our engineering, quality and production capabilities to potential customers, and also follows up closely with our existing customers to remain up-to-date with their new product launches to identify opportunities to secure more sales.

(ii) Referrals from business associates

We secure new customers through referrals from our business associates, including our customers, approved suppliers and subcontractors. Our ability in maintaining the quality of our products, coupled with our established history and proven track record has brought in referrals through recommendations by our business associates, whom we constantly maintain good relationships with.

(iii) Corporate website

We have established our corporate website at www.northeast.my as a platform to introduce and broadcast our offerings and our engineering and machining capabilities to potential customers. Our corporate website also serves to provide immediate searchable information on our Group.

The current widespread use of the internet as a source of information enables us to cross geographical boundaries and facilitates access from any part of the world, enhancing our potential market reach and exposure.

All our sales are conducted on purchase order basis as we do not enter into long-term contracts with our customers.

6. BUSINESS OVERVIEW (CONT'D)

6.9 KEY AWARDS RECOGNITION

The awards and recognitions received by our Group in the Financial Years Under Review and FPE 2024 are as follows:

Year	Awards and recognitions	Awarded entity	Awarding body
2021	Export Excellence Awards – Exporter of the Year: Small and Medium Enterprise	Northeast Precision	Standard Chartered Bank, Malaysia and Star Media Group Berhad
2021	Export Excellence Awards – Machinery, Electrical & Electronic (Small and Medium Enterprise)	Northeast Precision	Standard Chartered Bank, Malaysia and Star Media Group Berhad
2022	Golden Eagle Award 2022 Malaysia 100 Excellent Enterprise – Top 2 Winner of Excellent Eagle	Northeast Precision	Nanyang Siang Pau
2022	Platinum Business Awards 2022 – SME Export Excellence Award	Northeast Precision	SME Association of Malaysia
2022	Enterprise 50 Award	Northeast Precision	SME Corporation Malaysia
2023	Platinum Business Awards 2023 – SME Export Excellence Award	Northeast Precision	SME Association of Malaysia
2023	Golden Eagle Award 2023 Malaysia 100 Excellent Enterprises – Top 1 Winner of Excellent Eagle	Northeast Precision	Nanyang Siang Pau

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6. BUSINESS OVERVIEW (CONT'D)

6.10 TYPES, SOURCES AND AVAILABILITY OF PRINCIPAL RAW MATERIALS AND INPUTS

The breakdown of our Group's purchases of supplies and services in the Financial Years Under Review and Financial Periods Under Review is as follows:

Supplies and services	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases
Raw materials	29,060	51.76	32,892	52.37	11,986	42.43	8,171	41.82	7,876	41.09
Aluminium	9,681	17.24	14,033	22.35	5,878	20.81	3,950	20.22	4,271	22.28
Copper	16,041	28.58	14,665	23.35	3,913	13.85	2,444	12.51	1,264	6.60
Stainless steel	1,566	2.79	2,885	4.59	1,846	6.54	1,461	7.48	2,164	11.29
Carbon steel	1,305	2.32	819	1.30	309	1.09	286	1.46	152	0.79
Plastics	467	0.83	490	0.78	40	0.14	30	0.15	25	0.13
Subcontractor services⁽ⁱ⁾	19,775	35.23	21,810	34.73	9,635	34.10	6,858	35.11	7,285	38.01
Tools and implements	4,636	8.26	4,889	7.78	4,003	14.17	2,764	14.15	2,205	11.51
Consumables⁽ⁱⁱ⁾	1,761	3.14	2,017	3.21	2,016	7.14	1,366	6.99	1,508	7.87
Packing materials	904	1.61	1,197	1.91	610	2.16	376	1.93	292	1.52
Total	56,136	100.00	62,805	100.00	28,250	100.00	19,535	100.00	19,166	100.00

Notes:

(i) Comprises pre-machining, plating and powder coating services.

(ii) Includes amongst others, coolant and oil, plating materials, coating powders and sandpapers.

6. BUSINESS OVERVIEW (CONT'D)

Raw materials are our largest purchase of supplies, in which aluminium, copper, stainless steel, carbon steel and plastics are our raw materials. Aluminium, copper, stainless steel, carbon steel and plastics collectively contributed approximately 51.76%, 52.37%, 42.43% and 41.09% of our Group's total purchases in the Financial Years Under Review and FPE 2024 respectively. Aluminium, copper, stainless steel, carbon steel and plastics are used as materials for manufacturing of precision engineering components. Our Group does not stock up on raw materials and these raw materials are only purchased upon confirmation of orders from our customers. These raw materials are commodities and are readily available and mostly sourced from local suppliers. The prices of aluminium, copper, stainless steel, carbon steel and plastics are subject to price fluctuations according to the global commodity prices as a result of demand and supply conditions. Nevertheless, we are able to pass on the cost of raw materials to our customers as actual purchases of raw materials will only be made upon confirmation of orders from our customers.

We did not face any raw material supply disruption or delays that affected our business operations in the Financial Years Under Review, FPE 2024 and up to the LPD; hence, we were able to meet all our orders placed by our customers.

In FYE 2023, we undertook a one-off measure to control the purchase of raw materials as part of our response to the slowdown in global semiconductor and E&E industries and we did not face any raw material supply disruption or delays. In addition to the production of the precision engineering components, these raw materials are also used for the following:

- (i) for the purpose of producing prototypes of components before commencement of production run; and/or
- (ii) to produce extra precision engineering components to cater for replacement of defective components (if any).

Raw materials used will form part of cost of goods sold and any balance/ unused raw materials from the above will form part of the closing stocks.

6.11 R&D




Due to the nature of our business where we manufacture precision engineering components according to our customers' specifications and requirements, we do not carry out any R&D activities in relation to our business operations. Nevertheless, we continuously improve our engineering and machining capabilities to enhance the productivity of our business operations and consistency of our product quality. Please refer to Section 6.4.2 of this Prospectus for details of our engineering and machining capabilities.

6.12 SOFTWARE AND MACHINES USED

We use various software and machines to carry out our manufacturing processes, with examples and details as follows:

Software / machine	Description
CAD software tool	We use various CAD software such as SolidWorks and Spaceclaim for 2D and 3D product design, engineering and modelling. The software enables our engineering team to design detailed manufacturing process for precision engineering components according to our customers' specifications under process engineering stage.

6. BUSINESS OVERVIEW (CONT'D)

Software / machine	Description
CAM software tool	<p>We use various CAM software such as Surfcam and Esprit TNG to generate and load programmed commands, based on drawing produced from CAD software tool, into CNC machines. Further, the CAM software tool is also used to control the operation of CNC machines through programmed commands to automate the manufacturing process.</p>
CNC machines	<p>CNC machines refer to automated machines used in our manufacturing process. These machines are controlled through programmed commands encoded in CAM software tool, based on drawings produced from CAD software tool.</p> <p>The CNC machines that we use are CNC milling machines, CNC turning machines and CNC automatic lathe machines, as illustrated below:</p> <p>CNC milling machine</p>  <p>Machine that employs computerised controls and rotating multi-point cutting tools to remove excess materials from workpieces to produce custom-designed parts or components</p> <p>CNC turning machine</p>  <p>Machine that spins the final workpiece or material at high speed with a cutting tool progressively shaves away material to produce a custom-designed part or component</p> <p>CNC automatic lathe machine</p>  <p>Machine that is able to cut, sand, drill, deform and turn workpiece, as well as perform turn milling process for smaller precision machine parts and components</p> <p>The use of CNC machines allows for high-speed milling and turning, which will increase operating efficiencies and process accuracies. Further, CNC machines also allow for high-precision profile machining or shaping, enabling us to refine our product finishing through cutting/shaping of complex geometries and patterns without deformation.</p>

6. BUSINESS OVERVIEW (CONT'D)

Software / machine	Description
Coordinate measuring machines	We use coordinate measuring machines in our quality control processes. A coordinate measuring machine is used to measure the dimensions of components in high precision and accuracy. The coordinate measuring machines enable us to conduct inspections on our components to ensure they meet our customers' requirements.

6.13 OPERATING CAPACITY AND UTILISATION

We utilise a number of machines and equipment to manufacture precision engineering components in accordance to our customers' product designs and requirements. The production time and the type of machinery and equipment used vary, depending on the complexity of the precision engineering components to be manufactured.

Our estimated operating capacity and utilisation rate based on the running time of our CNC machines for FYE 2023 and FPE 2024 are as follows:

Type of machine	No. of units as at 30 September 2023	Actual annual operating hours	Estimated annual operating capacity ⁽ⁱ⁾ (hours)	Utilisation rate (%) ⁽ⁱⁱ⁾
CNC milling	235	1,023,231	1,395,900	73.30
CNC turning	30	151,657	178,200	85.10
CNC automatic lathe	12	66,792	71,280	93.70
Total	277			

Type of machine	No. of units as at 31 May 2024	Actual operating hours	Estimated operating capacity ⁽ⁱⁱⁱ⁾ (hours)	Utilisation rate (%) ⁽ⁱⁱⁱ⁾
CNC milling	235	608,069	938,355	64.80
CNC turning	30	107,624	119,790	89.84
CNC automatic lathe	12	44,924	47,916	93.76
Total	277			

Notes:

(i) The estimated annual operating capacity is calculated based on:

No. of CNC machines x 5.5 working days per week x 52 weeks per year x 22 working hours per day^(a) – (No. of CNC machines x 16 non-operating working days^(b) x 22 working hours per day)

(a) Based on 2 shifts per day, 8 working hours as well as overtime of 4 working hours (including breaktime of 1 hour) per shift.

(b) Non-operating working days refer to certain public holidays which our Group observes and days off to cater for stock takes.

(ii) Utilisation rate is computed based on actual operating hours divided by estimated operating capacity hours and multiplied by 100%.